



Government Response to the Report of the Standing Committee on Fisheries and Oceans (The East Coast Report) - Covering Letter

Mr. George Baker, M.P.
Chairman
Standing Committee on Fisheries and Oceans
House of Commons
Room 460 Confederation Building
Ottawa, Ontario
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Dear Mr. Baker:

Pursuant to Standing Order 109 of the House of Commons, I am pleased to respond on behalf of the Government of Canada to the recommendations contained in the First Report of the Standing Committee on Fisheries and Oceans, tabled in the House of Commons on March 23, 1998.

Members of the Committee have provided useful input and their suggestions for improved relations between scientists, fishermen and the public on issues such as estimating cod abundance and seals diets are welcomed. This will be helpful in further strengthening the science programs run by the Department of Fisheries and Oceans.

The Committee's report reflects the views of fishermen from small communities across Atlantic Canada which have been deeply affected by the groundfish closures. The Government has carefully considered the recommendations; in many instances the concerns have already been addressed, while in others, action will be taken as indicated in the response.

In addition, there have been two developments since the response was finalized. The first relates to Recommendation 10. On July 27th further details were announced on the early retirement and final cash payment options announced as part of the fishery restructuring and adjustment initiatives that will follow the Atlantic Groundfish Strategy (TAGS). I have enclosed a copy of the news release announcing the early retirement and cash payment details. <http://www.hrhc-drhc.gc.ca/common/news/dept/9871.html>

The second development concerns Recommendation 15. The Department had planned to hold a workshop in November on the issue of seal predation, to which fishermen would have been invited. Instead, the process of evaluating seal consumption on fish stocks will now be carried out in three stages.



The first stage will be to hold a workshop in December 1998 in which marine mammal and fisheries scientists will focus on the details of the seal consumption models and methods of estimating the numbers-at-age of cod consumed. The second stage will incorporate this information into the next round of cod assessments. In the third phase, an attempt will be made to synthesize the knowledge of seal consumption and its impacts on prey populations. Consultation with fishermen and other stakeholders will be part of the second and third phases of this process.

The perceptions of foreign fishing as relayed in the report are of great concern to the Department. While specific recommendations made by the Committee have been addressed in the Government's response, I urge members to refer to the two documents that I circulated to Committee members on March 31, 1998 for a clear explanation of the Government's policies on foreign fishing and enforcement in Atlantic Canada. The documents, entitled Canada's Foreign Fisheries Relations Policy, and Canada's Surveillance - NAFO Area, are available publicly on my Department's internet site (www.dfo-mpo.gc.ca) and from our offices.

Yours sincerely,

David Anderson, P.C., M.P.

Attachment



Government Response to the Report of the Standing Committee on Fisheries and Oceans (The East Coast Report)

September, 1998

BACKGROUND

In accordance with Standing Order 108(2), the Standing Committee on Fisheries and Oceans undertook a study of fisheries issues throughout the East Coast of Canada in the Fall of 1997.

Between November 23 and December 2, 1997, members of the Committee travelled to 15 communities in Atlantic Canada to hold public meetings on fisheries management issues and The Atlantic Groundfish Strategy (TAGS) which is scheduled to end in August 1998. In addition to these meetings, which included fisheries workers, community leaders and activists, the Committee met with scientists, departmental officials, the Auditor General and the Minister of Fisheries and Oceans.

The Committee's report, tabled in the House of Commons on March 23, 1998, contained 23 recommendations concerning fishing within and outside of Canada's 200-mile limit. Eleven of the recommendations focused on foreign fishing. Others called for: the continuation of assistance to fisheries workers affected by ongoing groundfish closures; extended support for the sealing industry; removal of DFO officials responsible for the fisheries collapse; improvements to enforcement and radio communications; an independent review of how DFO sets the total allowable catches, and new rules for replacing fishing vessels.

The perceptions of foreign fishing, as described by individuals and conveyed in the report, are of particular concern to the Department. During appearances before the Committee, DFO officials outlined Canada's foreign fishing and enforcement policies and practices and clarified the circumstances under which foreign vessels are allowed to fish within and outside Canada's 200-mile limit. Two publications were prepared to assist in this regard, *Canada's Foreign Fisheries Relations Policy* and *Canada's Surveillance – NAFO Area*. These publications, which have been circulated to the Committee members, are available from DFO and are posted on the DFO Internet website.

The Committee has provided useful input on how the fishery of the future should be structured. Members' suggestions for improved relations between the Department and its stakeholders are welcomed and will further strengthen science and other programs. Some of the Committee's recommendations are already in effect and are explained in greater detail in the response to each recommendation.

The Committee also made a number of references to seals in the report's opening comments and recommendations. The Department recognizes that the seal fishery is an integral part of the fishing cycle and of the outport way of life in many parts of Atlantic Canada and Quebec. For Aboriginals, in particular, the seal harvest is the most significant in landed volume and represents an important component of their diet and culture. Seal meat and products provide essential opportunities for inter-community trade.



Recommendation 1

"The Committee recommends that Canada withdraw its support for any turbot quotas assigned to foreign nations in zone 3L on the grounds that Canadian fish plants need the turbot quotas presently held by foreign nations in the northern cod zone of 3L."

Government Response

- During the "Turbot Dispute" of 1995 over the conservation and sharing of turbot (Greenland halibut) quotas between members of the Northwest Atlantic Fisheries Organization (NAFO), the European Union (EU) stated that it deserved a greater share of the quota than had been allocated by NAFO and announced that it was going to fish more than five times its allowed quota. Canada stood up to this attack on the stock and arrested the Spanish vessel "Estai" under the authority of the Coastal Fisheries Protection Act. As part of the agreement to resolve the dispute with the EU, Canada succeeded in gaining major improvements to the NAFO Conservation and Enforcement Measures.
- In the testimony of the Executive Secretary of NAFO, who appeared as an invited witness before the Committee on February 12, 1998, it was noted that "NAFO is regarded internationally as being the most regulated and having the most comprehensive international fisheries management and conservation regime in the world". Canadian assessment of compliance in the NAFO Regulatory area corroborates this.
- Greenland halibut in areas 3LMNO is managed by NAFO. In order to obtain support for major conservation and control improvements negotiated to end the "Turbot Dispute", including 100 per cent observer coverage in the NAFO Regulatory Area (NRA), Canada agreed to a redistribution of Greenland halibut quota shares. The former total allowable catch (TAC) in areas 2 and 3KLMNO was split in two: a separate TAC in the Canadian zone (7,000t in 2+3K) with the other part to be fished primarily outside the zone (20,000t in 3LMNO). Canada's share of the 20,000t TAC for 3LMNO was 3,000t. The remainder was allocated by NAFO to other members to be fished **outside** the Canadian zone.
- The Committee recommended that Canada have all 20,000t of the quota. Yet since 1995, Canadians have only fished about half of their 3,000t share of the quota of area 3LMNO Greenland halibut. The reason that Canada does not currently pursue the fishery outside 200 miles is that it is in very deep water, on the slope of the Grand Bank. Most Canadian fishermen do not have vessels equipped with the necessary gear to fish at such depths nor is it economical to make such an investment at this time.
- If Canada were to attempt to reopen the agreement on quota sharing, it would create a major conflict with NAFO members who are fishing their quotas legitimately. It would also be extremely difficult to argue for an increased quota share when it appears that Canada's current share is not economically viable for Canadian fishermen to harvest. Such a move could jeopardize the current agreement on the conservation and enforcement measures and could therefore have a negative impact on straddling stocks.



Recommendation 2

The Committee recommends that Canada cease giving permission to Canadian companies to hire foreign vessels and foreign crews to catch fish in Canadian waters as long as Canadian fishermen and Canadian vessels are available to do the same."

Government Response

- Canada has authorized some Canadian quota holders in a few underutilized fisheries to charter foreign vessels to fish some of their domestic quotas. In these fisheries, foreign charters provided technological transfer, jobs for Canadian fish plant workers and new markets for Canadian companies. Over the years, revenues from joint ventures have been reinvested in the greater Canadianization of these fisheries.
- Today's highly lucrative northern shrimp fleet is based on a fishery that started with foreign vessels. Over the years as Canadians developed greater expertise, the fishery was Canadianized.
- Two years ago, Canada began phasing out the use of foreign vessels in the Greenland halibut fishery (northern turbot) in subarea 0. This is an area between Baffin Island and Greenland, traditionally not very accessible to Canadian vessels. However, last November, consultations with industry indicated that Canada now has the capacity and experience to fish the full quota. As a result, in 1998, foreign charters have been terminated in this fishery.
- Another fishery in which the use of foreign vessels has brought benefits to local economies is the silver hake fishery, conducted off the coast of Nova Scotia. Canadian companies receive benefits from chartering foreign vessels, which in turn allow them to pay reasonable prices to fishermen in this fishery. Through the use of this chartering, it is more economically viable for Canada to pursue the silver hake fishery under current market conditions. Without chartering, there might be no Canadian silver hake fishery.

Recommendation 3

"The Committee recommends that Canada withdraw its support for redfish quotas given to foreign nations in fishing zones 3L, 3N and 3O on the grounds that Canadian fish plants could process this redfish presently allocated to foreign nations in fishing zones that lie almost exclusively in Canadian waters."

Government Response

- Redfish in area 3LN is a NAFO-managed stock. NAFO has placed a moratorium on the harvesting of 3LN area redfish for the 1998 season. When stocks were more abundant, Canadians displayed little interest in them, given the travel distance to the fishing grounds. Redfish were available at closer range for Canadians.
- Following several years of increasing Canadian utilization of area 3O redfish, traditional foreign quota recipients have been phased out of Canadian waters. For 1998, industry has recommended that Japan receive an allocation of 355t of area 3O redfish. Under the Canada-France agreement, France also has a share.



Recommendation 4

"The Committee recommends that Canada withdraw its support for squid quotas presently given to a dozen foreign nations inside Canada's 200-mile zone on the grounds that squid are a prime food for northern cod and other fish, and are an important part of the catch of thousands of Canadian fishermen."

Government Response

- Squid in subareas 3 and 4 is a NAFO-managed stock. Of the total TAC of 150,000t for squid in this area, NAFO allocated 20,000t to other countries in 1997.
- The total Canadian squid catch in 1997 was one of the best in recent years; 12,000t were caught in Newfoundland and 3,000t in Nova Scotia. No catches were taken by other NAFO parties, leaving 90 per cent of the TAC in the water.
- The Nova Scotian share was caught by foreign vessels chartered by Canadian companies to fish for silver hake. The squid was landed in Canada for Canadian processors.
- Only two countries (Cuba and Japan) were allocated part of Canada's squid quota to be fished in Canadian waters in 1996, 1997 and 1998. Their allocations totalled about 15,000t but they did not fish for them at all in 1997.
- The annual abundance of this resource is highly influenced by environmental factors and by erratic migratory patterns. In addition, squid has a short life cycle (12-18 months). Landings peaked in 1979 at 162,000t. NAFO continues to set the TAC at 150,000t based on historical catch targets. However, catches have been very low since the early 1980's. New scientific advice will be reviewed at the NAFO meeting in September 1998.

Recommendation 5

"The Committee recommends that Canada immediately adopt the position that there are no fish 'in excess of Canada's needs' anywhere inside our 200-mile zone on any coast and that any quotas given on these grounds be reverted to Canadian fish plants."

Government Response

- The only stocks that have been declared surplus to Canadian requirements for 1998 are silver hake, squid and area 30 redfish.
- In recent years, the stocks declared surplus to Canada's harvesting capacity have, in most instances, been of no real interest to foreign partners either. In reality, due to low market prices, difficult harvesting conditions, harvesting costs and the need for large investments in specialized technology, most of these stocks are left in the water.
- Foreign allocations of squid, silver hake and area 30 redfish were provided in 1997 as well. In the case of squid, ninety percent of the TAC was left uncaught. As stated previously, in the case of silver hake, Canadians had their largest catch in history in 1997. The price paid for fishermen for silver hake was high enough to ensure their viability in large part due to the earnings by



Canadian companies from foreign vessels chartered to catch silver hake. Even with this incentive and assistance on gear and technology provided by DFO, only 10 - 15 boats landed 4,000t of silver hake. In the absence of the foreign charters, the harvesting by Canadian vessels would be less economic and likely non-existent.

- Canada meets its international obligations by making these resources, which are surplus to domestic needs, available to foreign fleets. In so doing, Canada has gained credibility in international fisheries organizations which in turn encourages others to comply with their international obligations. If Canada disregards its obligations under international fisheries management rules, it could lose the support of other countries which have worked cooperatively to promote conservation positions of importance to Canada.

Recommendation 6

"The Committee recommends that Canada immediately stop issuing licences to Japanese ships to catch tuna and swordfish in Canadian waters on the grounds that these resources are needed by Canadian fishermen and plant workers and should be available to them, after taking conservation into account."

Government Response

- Canada does not provide tuna and swordfish allocations to Japan. These stocks are managed by the International Commission for the Conservation of Atlantic Tuna (ICCAT) which represents more than 30 countries. In the Northwest Atlantic, the quotas for bluefin tuna and swordfish are primarily shared between Canada, the U.S. and Japan, according to a negotiated sharing formula. As the stocks are highly migratory, they can be fished throughout their range in the Atlantic.
- Even if Canada were to refuse Japanese vessels access to its zone, the Canadian quota would not increase. Japan would still harvest its allocation, but outside Canadian waters, without Canadian observers on board the vessels. Such action would only strain good relations with a partner that has been very supportive of Canadian conservation efforts, with not only tuna and swordfish stocks, but also on straddling stocks in NAFO.
- When the bluefin tuna quotas were reduced in 1995 and 1996, Japan voluntarily took a greater than proportionate decrease (as the Japanese had other fishing opportunities for bluefin elsewhere in the Atlantic) so that the impact on Canadian fishermen would be reduced.

Recommendation 7

"The Committee recommends that Canada demand that the government of France close the commercial salmon fishery around St.-Pierre and Miquelon on the grounds that they are intercepting salmon that are destined for spawning rivers in Newfoundland, the Maritimes, and Quebec."

Government Response



- Canada is very concerned about the state of Atlantic salmon stocks, which has been demonstrated by the moratorium that was placed on the last commercial Atlantic salmon fishery in Labrador for the 1998 fishing season.
- Canada raises the St. Pierre and Miquelon salmon issue annually at the Canada - France fisheries discussions. Most recently, in February 1998, Canada expressed its concern on the status of Atlantic salmon stocks. France undertook to maintain its fishery, for local consumption only. (The French catch in 1997 was less than 1.5t, the equivalent of 500 fish. Average St. Pierre and Miquelon salmon catches over the past 10 years have been less than 2t per year.) France will also review and improve its statistical reporting to Canada and to the North Atlantic Salmon Conservation Organization (NASCO).
- Canada has no authority to impose fishing closures in the French waters. However, Canada has been aware of this concern. For this reason, in negotiating the 1994 arrangement with France on sharing resources, Canada sought and received written assurances from France that it would follow international law and not allow any increased fishing effort for salmon in its territory.

Recommendation 8

"The Committee recommends that Canada withdraw from present agreements that give France a percentage of many Canadian quotas in Canadian waters off the coasts of Baffin Island, Labrador, eastern Newfoundland, Quebec, P.E.I. and the coast of Nova Scotia on the grounds that this fish is needed to sustain Canadian fishermen and plant workers and their families, while still maintaining appropriate conservation standards."

Government Response

- Canada is committed to a bilateral agreement with France on catch shares for nine more years.
- For the most part, the quota shares France has are either for transboundary stocks (i.e. those stocks found in both the Canadian and the French zones), or stocks which were underutilized by Canadians in 1994 when the treaty was signed. The quota shares allocated to France were the result of extensive negotiations and were supported by industry and Newfoundland government officials who participated in the negotiation as advisors to the Canadian delegation. The agreement was approved by the President of the Newfoundland fishermen's union and then-Premier of the Government of Newfoundland and Labrador (Premier Wells).
- The agreement calls for France to receive 1.5 per cent of Canada's squid quota (1,950t in 1998); 2 per cent of the silver hake quota (1,100t in 1998); 3 per cent of the Greenland halibut quota in area 2+3K (210t in 1998); 15 per cent of area 3O redfish (1500t in 1998) and roundnose grenadier off the coast of Baffin Island (under moratorium since 1996).
- France receives allocations of cod in the Gulf of St. Lawrence, south of Newfoundland (in area 3Ps), under a 1972 treaty which is the basis for Canada's fisheries relations with France. The treaty provides access to vessels from St. Pierre and Miquelon to harvest cod in the Gulf of St. Lawrence in perpetuity. The quota is limited to 2.6% of the TAC. France also shares the transboundary 3Ps cod stocks, receiving 15.6 per cent of the TAC. The 1994 agreement requires



that at least 70% of all French cod quotas be fished by Canadian vessels for the French, providing employment opportunities to Canadian fishermen.

- Since the early 1980s, Canadian catches of area 3O redfish were well below 1,000t until 1996 when they climbed to about 7,000t. The French quota of 1,500t, which has been fished by Canadian vessels, should not limit Canadian fisheries.
- It is important to note that in return for French access to Canadian stocks, Canada secured access to 30 per cent of the TAC established for an Iceland scallop fishery, which is primarily located in the French zone. This fishery was considered very important to the town of Grand Bank, Newfoundland at the time the agreement was signed. Further, conservation limits are now being respected inside and outside the French zone, and a strict enforcement regime is in place for all French vessels permitted to fish in the Canadian zone.

Recommendation 9

"The Committee recommends that Canada immediately turn its attentions to gaining control over fish stocks that lie on Canada's Continental Shelf, on the grounds that foreign nations are currently overfishing the stocks on the nose and the tail of the Grand Banks and on the Flemish Cap and that those stocks rightfully belong to Canada and could keep many fish plants open year round, while still maintaining appropriate conservation standards."

Government Response

- While Canada has jurisdiction over the natural resources of the Continental Shelf, we do not have jurisdiction over all fish stocks on the full extent of the shelf. The "nose" and the "tail" of the Grand Banks extend beyond 200 miles.
- The United Nations Convention on the Law of the Sea (UNCLOS) provides for coastal state sovereignty rights over all fish stocks up to 200 miles from shore. Beyond 200 miles, the coastal state only has sovereignty rights over sedentary species (organisms that live most of their lives on or under the seabed) and to the non-living resources found on or below the seabed. Most fish stocks beyond 200 miles are managed by NAFO.
- Canada was unsuccessful in its efforts to gain control of its straddling stocks in the 1970s during the negotiation of UNCLOS. As a result, UNCLOS clearly states that the limit for coastal state jurisdiction over most fish stocks is 200 miles. Recognizing the weaknesses or limitations of UNCLOS, which didn't fully protect straddling stocks, Canada led the world in drawing attention and seeking a solution to this problem. The negotiation of the United Nations Agreement on Straddling Fish Stocks and Highly Migratory Fish Stocks (The UN Fish Agreement - UNFA) is the outcome of this Canadian initiative. This agreement, when implemented by Canada and key high seas States, will clarify and strengthen international law by introducing specific conservation and control measures to protect straddling stocks.
- The federal government has put in place strong measures to deter non-compliance with these agreements. In 1987, Canada imposed 100 per cent Canadian observer coverage on foreign fishing within 200 miles which has resulted in good compliance. Since 1995, compliance has



further improved outside 200 miles because of an agreement reached in NAFO resulting from a Canada-EU agreement to adopt 100 per cent observer coverage and an improved mandatory enforcement regime on vessels fishing in the NAFO area.

- The Committee reported that foreign vessels are continuing to overfish beyond 200 miles and that Canadians could fish the quotas currently allocated to foreign nations outside 200 miles. Currently, Canadians fish only a small portion of their existing NAFO quotas; therefore it is unlikely that they would have an interest in additional quotas in these areas.
- With respect to overfishing by foreign vessels, there has been significant improvement in the compliance of all vessels with NAFO conservation measures. This can be seen by the significant decrease in the number of infractions encountered since the early 1990s as a result of the strengthened enforcement regime now in effect. Further, TAC's have not been overfished in recent years.

Recommendation 10

"The Committee, having been persuaded by the testimony of the fishermen and overwhelming evidence reviewed of the large role played by the federal government in the collapse of the northern cod stock, finds it incumbent upon the federal government to support the fishermen and those whose jobs were directly affected because of the downturn of the fishery on the east coast of Canada.

This support should include:

- a. The continuation of TAGS up to at least the date of the original written commitment of May 1999.
- b. The immediate redirection of foreign fishing quotas to Canadians with priority given to those fishermen and fish plants most heavily affected by the downturn and collapse of the fishery off the east coast of Canada.
- c. The continuation of the voluntary TAGS retirement program and the voluntary TAGS licence buy-back program for all cases that reduce fishing capacity.
- d. A rearrangement of the income clawback level for fishermen receiving TAGS to mirror the system used under the EI program.
- e. A reduction of licence fees and related charges recently increased by the federal government affecting fishermen out of all proportion to their ability to pay.
- f. A new federally-funded, multi-year infrastructure and job diversification program, administered under established practices which must be directed towards the people most affected by the downturn in the east coast fishery and which must have community input. Canadianization of the fishery should be a major target area."

Government Response

- The report reflects the opinions of many people who were consulted by the Standing Committee throughout small communities across Atlantic Canada. Often, these individuals and communities



were among those most affected by the groundfish closures. Many of these opinions deal with the design and implementation of the TAGS program and, by extension, any successor programs.

- The Committee's recommendation on redirecting foreign fishing quotas to Canadians is addressed under Recommendations 1-9 and 16.
- Addressing the concerns of fishery workers on the end of TAGS has been a priority for the government. On June 19, 1998 comprehensive fishery restructuring and adjustment measures were announced that respond directly to the concerns of fishery workers as they were expressed to the Committee. The measures totalling \$730 million include:
 - \$180 million in final cash payments to TAGS clients;
 - up to \$250 million to retire fishing licences;
 - up to \$65 million for a cost-shared early retirement program;
 - \$135 million adjustment assistance to help current and former TAGS recipients become self-employed, get work experience, develop new skills, or relocate;
 - a change in the Employment Insurance (EI) regulation to enable TAGS clients to qualify for EI as regular claimants; and
 - funding of up to \$100 million in extra help for community and regional and economic development.
- These measures focus on long-term human resource and community economic development strategies to equip individuals and communities with the skills and assistance they need to prepare for life beyond the fishery.
- Under EI rules, payback of benefits begins at a threshold of \$39,000 whereas under TAGS, the threshold is \$26,000. Although there are some similarities between TAGS and EI, they are two different programs. Setting the levels at \$26,000 has contributed to the continuation of TAGS past May 1998. TAGS will end in August while the EI system is ongoing.
- Licence fee rates are designed to reflect a fair share of the value conferred to licence holders for the privilege of access to a public resource. Commercial fees are based on the four-year average of landed value by fleet sector and amount to three per cent of landed values for the whole of Canadian fisheries, a share which compares favourably to licence or royalty rates levied in other natural resources sectors.
- DFO, in consultation with industry groups, is undertaking a cumulative economic impact study of federal user charges in the fish harvesting sector in recognition that the combined effect of licence fees and other user charges may have important implications on fisheries operations. When the results are available, likely in mid-1999, measures to address possible problem areas or fisheries will be considered, as appropriate.



- It is important to note that groundfish licence fees in the areas under moratorium are set at a nominal \$30 per year. No other user charges related to groundfish are levied on fishermen within the moratorium area because no groundfish fishing is taking place.

Recommendation 11

"The Committee recommends that vessel owners be allowed to return to filing the actual expenses incurred, in place of the 25% allowance."

Government Response

- The Committee has indicated that by allowing vessel owners to claim only 25% of gross vessel landings to cover operating expenses rather than actual operating costs, when calculating their income for the purpose of TAGS pay back, some vessel owners might conclude that it would not be worth their while to go fishing. The 25% level was originally developed in consultation with the unions and the fishermen. Individuals must report income the same way for TAGS as for EI. As TAGS income support is expected to end in August 98, this will no longer be an issue.

Recommendation 12

"The Committee recommends that the vessel replacement policy be reviewed in consultation with fishermen, and suitable amendments be adopted."

Government Response

- The size of vessels permitted is one of the measures used to control fishing capacity on both the Atlantic and Pacific coasts. The restrictions are specified under vessel replacement rules which are found in the Commercial Fisheries Licensing Policy for Eastern Canada.
- In the absence of restrictions, capacity could escalate, resulting in increased pressure on fish stocks (especially in competitive fisheries), shorter seasons or more closed areas, higher fishing costs, diminished economic viability, dissipation of profit, and lack of stability.
- The vessel replacement rules for Newfoundland were reviewed in 1996 in close consultation with industry, and especially the FFAW. The policy challenge was to identify a revised set of rules that would provide flexibility to enable fishermen to conduct their fishing activities safely and efficiently, while avoiding an undesirable increase in harvesting capacity. Revised vessel replacement rules for Newfoundland were announced on April 24, 1997. Subsequently, similar changes were introduced in the permanent Individual Transferable Quota (ITQ) fleet in Scotia-Fundy.
- Any indication that DFO is considering a further relaxation of the vessel replacement rules in competitive fisheries at this time could be strongly criticized by the public in light of the large expenditures being made to restructure the fishery and reduce capacity, especially in the groundfish fishery.



Recommendation 13

"The Committee recommends that fishermen along the Quebec and Labrador coasts be permitted to continue their traditional method of netting seals and that the fishermen on the east coast be permitted to sell the pelts of blueback seals that they have legally harvested under existing fisheries regulations. (The present regulation that forbids fishermen from even keeping a seal found dead in fishing nets and forbids fishermen from selling the pelts of bluebacks that are legally harvested is inexcusably wasteful.)"

Government Response

- The prohibition on the netting of seals was recommended by the Royal Commission on Seals and Sealing, which judged it inhumane and recommended that it be phased out. The Department incorporated this recommendation in the Marine Mammal Regulations. Lifting this prohibition would result in widespread criticism, and would be difficult to justify. Aboriginals conducting their harvest north of 53 degrees latitude are permitted to net seals because it is their traditional harvesting practice.
- The Royal Commission also recommended that sale of blueback pelts be prohibited. This was implemented in 1987. There is currently an EU ban on their importation.
- The Department is currently reviewing the blueback prohibition as part of a larger review of the Marine Mammal Regulations.

Recommendation 14

"The Committee recommends that all seals harvested be fully utilized and that the harvesting of seals for single body parts be prohibited."

Government Response

- The Department is very sensitive to the contribution of the seal industry to coastal communities in Atlantic Canada. For example, the 1996 seal industry generated \$10 million in economic activity overall, including \$9.1 million in processed value. The seal harvest helped to provide over 3,000 person weeks of employment to processing plant workers and permitted 11,221 licensed sealers and Aboriginals to harvest for commercial and personal use. The seal industry is also pursuing market opportunities for alternative products, such as seal oil capsules, to further develop the industry's potential.
- DFO's policy is to encourage the fullest possible utilization of each harvested animal. Seal organs from the 1997 harvest accounted for less than five per cent of the landed and processed value of all seal products.
- Prices offered for seal organs have dropped from \$70 - \$100 to \$15 - \$20 in the past few years. The availability of seal organs as a by-product of a regulated hunt has likely resulted in these lower prices and may have discouraged black market activity aimed at less abundant species elsewhere in the world.



- Landings of seal meat were down in 1998 and the Department will be exploring means to increase meat landings for the 1999 season.

Recommendation 15

"The Committee also recommends that a conference between fishermen and scientists be organized by DFO immediately to air publicly the evidence concerning the types of fish that seals eat, and if the fishermen are proved to be correct, as the Committee believes they are, to make recommendations to increase seal quotas and to foster the sealing industry and the marketing of seal products. This conference should be open to the public."

Government Response

- The Department plans to hold a workshop in November 1998 on seal predation and fishermen will be invited to participate.
- DFO scientists have made substantial progress in recent years in estimating amounts of different prey species consumed by seals and in assessing the potential impact of seal predation on exploited stocks. The most recent assessments of Atlantic cod treated this issue in some detail, and suggested that seal predation could be important enough to have a negative impact on stock rebuilding. This information was presented to the Fisheries Resource Conservation Council during deliberations and consultations that led to the Council's 1998 report on conservation requirements for the cod stocks currently under moratorium and stocks in area 3Ps.
- The Department held two public meetings on seals in 1995 following the last seal population survey. Participants included representatives from the fishing and sealing industries, as well as from conservation and animal rights groups. The vast majority believed that quotas should be set at a level between 186,000 (the TAC set in 1995) and 287,000 (the replacement yield).

Recommendation 16

"The Committee recommends that Canada take immediate steps to reduce the present allowable catch of 850 tonnes of northern cod given to foreign nations fishing for turbot in zone 3L. After taking into account conservation measures this may allow Newfoundlanders to have a food fishery and a test fishery on the east and northeast coasts of Newfoundland starting in the summer of 1998."

Government Response

- There is no bycatch allocation or right to fish northern cod by foreign boats; therefore there is nothing to take away from them for reallocation for a food or sentinel fishery for Canadians, as the Committee recommends.
- Greenland halibut are fished on the slope of the Grand Bank in deep water where cod are not found. The cod live in much shallower waters on the bank and are not available to be caught in the deep water fishery. DFO provided the Committee with NAFO reports last year which indicate only about 2t of cod were reported caught as bycatch in area 3L.
- The Greenland halibut stock in question, area 3LMNO, is managed by NAFO and not Canada. The bycatch level is set by NAFO. When the moratoria were first applied to some groundfish stocks



in 1992, Canada succeeded in getting NAFO support to reduce the customary NAFO bycatch limit of 10% to 5% for sensitive stocks. The Committee may have assumed that the 17,000t foreign allocation of turbot in the area 3LMNO was a licence to fish 850t (5%) of cod. There is no evidence that this bycatch rule has been used to justify any directed fishing for cod in area 3L or elsewhere.

- On May 27, 1998, a 4,000t cap was announced on catches of northern cod (area 2J3KL) for 1998. The 4,000t cap includes bycatch, harvests in an index fishery along with harvests from sentinel and exploratory fisheries that will take place in 1998. (An index fishery is a scaled down commercial fishery designed to complement DFO research and sentinel fisheries.) The index fishery for area 2J3KL will be designed in consultation with industry in order to obtain the maximum data for stock assessment purposes.
- On June 30, 1998, a one-weekend (three-day) food fishery, to be held in September, was announced for the waters of Newfoundland.

Recommendation 17

"The Committee recommends that DFO organize a conference between fishermen and scientists, fully open to the public, to resolve the dispute over cod counting methods and to determine the set of conditions that would permit the reopening of the northern cod fishery."

Government Response

- Significant changes have been made in the way fisheries research is being conducted and managed. More emphasis is now placed on involvement of fishermen in catch monitoring, data collection and analysis, and on joint industry-science initiatives. Sentinel surveys, which are designed, conducted and managed by local fishermen, have been established on all cod stocks under moratorium. As previously stated, an index fishery is taking place in area 2J3KL.
- Key industry representatives are invited to annual review and planning of research programs and take part in the annual assessment of fisheries resources. For instance, the January 1998 assessment meeting held in St. John's, Newfoundland, was attended by about 40 fishermen and industry representatives. DFO will continue to work with fishermen to ensure the best possible counts of northern cod and will continue to include fishermen in stock assessment review meetings.
- The Fisheries Resource Conservation Council (FRCC) considered the key question of conditions that would permit the reopening of the northern cod fishery, in its 1996 report entitled 'Building the Bridge'. In particular, Chapter 3 is dedicated to the question of re-opening closed fisheries, including the question of "How to Re-open and Maintain a Sustainable Fishery". The conclusions of the FRCC were the result of extensive discussions within the Council, as well as public consultations held in July 1996 in Moncton, Sydney, Clarendville, Deer Lake, Blanc Sablon and Gaspé.
- The debate on re-opening the northern cod fishery needs to be broadened in the context of the UNFA which is open for ratification. DFO managers and scientists are involved in a number of



initiatives aimed at defining a framework for implementation of the Precautionary Approach, as specified in UNFA. These initiatives will involve both the FRCC and consultations with stakeholders.

Recommendation 18

"The Committee recommends that the federal government establish a pilot project for finding and retrieving ghost nets."

Government Response

- The Parliamentary Report raises two issues with respect to ghost fishing. They are what is the extent of the problem and what can be done.

Extent of Problem

- The Parliamentary Report refers to an American study on ghost fishing. This study was completed ten years ago (See: Carr, H. Arnold & Richard A. Cooper, 1987. Manned Submersible and ROV Assessment of Ghost Gillnets in the Gulf of Maine. IEEE Proceedings). Extensive losses of gear reported on a world-wide basis are not disputed. Records seem to indicate that a continuing catch rate occurs with lost nets; however, the extent of catches is dependent on variables such as season, time of year, and fishing area. Studies undertaken to quantify the amount and extent of ghost fishing report no definitive conclusions, but continuing catch rates equivalent to about 15% of that expected from commercial gear in normal operations have been observed.
- In Atlantic Canada a number of studies have been completed which confirm the extent and importance of the problem. However, they propose that prevention is more cost effective than ongoing retrieval programs. The studies include:

Aquaprojects Inc. and Le Groupe Poupart, de Blois Inc., 1992. Retrieval of lost gillnets and prevention of ghost fishing within the Atlantic fishery. A discussion paper submitted to Operation Fishing Industry Services, Canadian Department of Fisheries and Oceans, Ottawa, 38 pages.

"Prevention of Ghost Fishing in Atlantic Canada" (March 31, 1995) undertaken by the Fisheries and Marine Institute of Memorial University for the Department.

What can be done?

- The Parliamentary report proposes a retrieval program to recover lost gillnets in Canadian waters. Projects designed to retrieve gillnets using special equipment have been undertaken, with mixed success.
- In 1976, a total of 148 nets were recovered from Trinity Bay, Newfoundland (at a depth of 140-192 fathoms), resulting from 67 hours of towing. In the same year in Notre Dame Bay (approximately 190 fathoms deep), 167 nets were recovered in 54 tows. However, more recently (1990), attempts to survey lost nets on the Grand Banks (up to 98 fathoms) did not detect any gear. Fifteen hours were spent in trying to retrieve gear, using the same equipment used in 1976. No gear was recovered.



- The study "Prevention of Ghost Fishing in Atlantic Canada", undertaken by the Fisheries and Marine Institute of Memorial University for the Department (March 31, 1995) estimated the cost of lost gear retrieval as follows:

- design and testing of practical retrieval equipment \$305,000
- ghost gillnet retrieval (Atlantic-wide program) \$800,000/year

(Limited focus to selected areas only)

- An alternative solution, which is considered much more cost effective, is the prevention of lost gillnets. Unlike retrieval programs, which will have recurring yearly costs, prevention has a one-time, upfront cost. Prevention can take several forms:
- limiting the amount of gear to that which can be handled properly by a particular size vessel and crew;
- the implementation of de-activating technologies and biodegradable materials;
- marking of gear and return incentive programs; and
- the implementation of acoustic detection systems to assist in the initial and subsequent retrieval of gears during normal operation or in the event of gear loss.
- Another option is to prohibit the use of gillnets. Although many would argue that this might be seen as a step forward for conservation, the same could also be said for many other gear types.
- The Department is currently reviewing these options.

Recommendation 19 (Ecosystems Approach)

"The Committee recommends that DFO be subject to an independent review of methods by which it sets total allowable catches and manages fisheries."

Government Response

- The Committee's report indicates that witnesses said that the federal government should devote resources to study the interactions between the species which all form part of the marine ecosystem. The witnesses also said that DFO is guilty of compartmentalizing the fishery into individual fish stocks without consideration for the impact that fishing one species has on the entire food chain. They recommended that DFO take a more integrated approach to resource management.
- The Department acknowledges the importance of ecological processes and the food chain to all fish species.
- In its original mandate, the FRCC was tasked to develop a more profound understanding of fish-producing ecosystems, including the inter-relationships between species and the effects of changes on stocks in the marine environment. The FRCC recommends TACs and other conservation measures based on a concern for groundfish stocks within their ecosystem.



- Two key conservation measures in this direction are Marine Protected Areas (MPAs) and Ecosystem-Based Management. These two measures, which are highlighted in the FRCC Conservation Framework for Atlantic Canada, are key elements of the *Oceans Act*, which was enacted in January 1998 and defines DFO's oceans mandate. The approach espoused by this Act is based on the need to: manage oceans as ecosystems and not as single resources; integrate the management of all activities having an impact on ocean ecosystems; and on the adoption of a precautionary approach when making oceans management decisions.
- These principles are reflected in the authority to establish MPAs to conserve and protect marine resources and their associated habitat. The involvement of oceans stakeholders in the identification and management of MPAs is a further demonstration of DFO's commitment to implement the conservation and protection authorities of the *Oceans Act* through concrete actions.
- Under ecosystem-based management, extreme caution is exercised when considering harvests of species low on the food chain. The capelin fishery is an example of how DFO applies this measure. The TAC for capelin is set well below potential levels so as to reduce risk to the ecosystem.
- In the broadest sense, ecosystem management in the ocean means managing the behaviour of people (fishing) in order to maintain or restore desired levels of diversity, abundance and productivity in the ocean system.
- The Department is also working toward the development of an oceans strategy that takes into account the ideas and suggestions of everyone involved, including economic, environmental, fisheries, aquaculture, shipping, oil and gas interests. Work is under way and will proceed during the next three years with the goal of implementing the strategy in the year 2000.

Recommendation 20

"The Committee recommends that senior DFO personnel who are viewed by the fishing community as being responsible for the crisis in the fishery be removed from the Department."

Government Response

- No evidence has been provided to indicate that senior officials currently with the Department should be removed.
- When dealing with management of natural resources, it is not unusual that there be differences of opinion between stakeholders.
- Over the past five years, the Department has made many fundamental improvements in Science and Fisheries Management practices to make the process more open, transparent and inclusive. Both the Atlantic and Pacific stock assessment processes involve fishermen and university groups.



- Departmental officials strive to maintain working relationships with stakeholders as Canada approached the new millennium, and the development of a sustainable fishery for the 21st century.

Recommendation 21

"The Committee recommends that additional human resources be provided at the local level to carry out necessary tasks. These resources could be provided through restructuring at DFO headquarters in Ottawa. (More and better enforcement is needed and DFO must improve communications dramatically so that all relevant information reaches the communities and the people affected when it is needed.)"

Government Response

- The Committee has recommended that additional resources could be provided by restructuring at DFO headquarters in Ottawa. DFO is already a highly decentralized department. Some 89 per cent of the Department's 1997-98 resources are held outside of the National Capital Region (NCR), leaving headquarters with only a small portion (11%) of the Department's total resources, of which 2.5 per cent are employed in the Fisheries Management and Science sectors.
- The Department recruited 23 Fishery Officers in 1997, 36 in 1998 and will recruit 96 over the next two years. Approximately, 85 per cent of the enforcement staff are in the field. The remaining 15 per cent are located in regional and national headquarters.
- Due to government wide spending reductions, the fisheries enforcement program has been affected by budget cuts in recent years. In order to minimize the impact of these cuts on program delivery, DFO developed a "Renewal Strategy" for the enforcement program.
- The main elements of the Renewal Strategy are:
 - strengthened management of the program;
 - maintenance of a national core cadre of 500 full-time equivalent professional Fishery Officers ;
 - \$1.9 million has been reinvested in recruitment and training programs;
 - additional investments of \$1.1 million in Fishery Officer field operations;
 - reducing the demands on Fishery Officer time from tasks not related to fisheries enforcement (e.g. administrative duties, support to other programs);
 - an improved work planning process to ensure that Fishery Officer effort is focused on high priority fisheries (in terms of the risk to conservation);
 - increased emphasis on cooperative programs whereby DFO works in partnership with fishermen, First Nations, industry groups and communities to bring about improved compliance;
 - improved supervision of Fishery Officers by introducing a new level of supervision in the field and establishing competency standards for supervisors; and



- an accelerated process of external recruitment to replace retiring officers.
- As is the case for all enforcement agencies, the DFO enforcement program operates within certain budget limitations. The above-noted initiatives have helped to ensure that the best possible use is made of the available resources. Nevertheless, tough choices must be made on a regular basis with regard to the direction of enforcement effort. Not all fisheries can be covered at the optimum or desired level. Priorities must be established and enforcement resources assigned accordingly.
- In 1996, the Department introduced the Integrated Fisheries Management Plans (IFMP) approach. In effect, IFMPs set the stage for co-management activities by ensuring transparency, establishing overall allocations between sectors and fleets, providing contextual information and ensuring that clients and stakeholders are consulted in the overall goals and strategies for the management of each fishery.
- The Department is continuing its efforts to improve communications with all stakeholders, particularly through the use of the Internet. For example, a Communications Secretariat, formed under the auspices of DFO and the Coastal Community Network in the Maritimes Region, provides a two-way information link between the Department and fisheries workers. Individuals from Quebec, Labrador, Newfoundland and the Gulf fisheries have expressed an interest in adopting a similar information vehicle.
- One of the goals of the Canadian Rural Partnership (CRP) is to encourage a coordinated federal approach to rural Canada. By participating at a local level on the four Atlantic Rural Teams, DFO is collaborating with other federal agencies to bring the federal government closer to rural communities and respond better to their needs.

Recommendation 22

"The Committee recommends that the federal government's decision to close the Coast Guard radio station on les Iles-de-la-Madeleine be put on hold and that DFO hold public hearings with fishermen and other users, and community leaders in the area."

Government Response

- The Coast Guard has not closed the Cap-aux-Meules Coast Guard Marine Communications Traffic Services Centre (MCTS). Since April 1998, this site has been operating remotely from Rivière-au-Renard. Residents of the Magdalen Islands can be assured that safety of mariners and the public has not, and will not, be compromised. Levels of service have not changed. Mariners will continue to use the same procedures to contact the Coast Guard MCTS for services.
- Initially, the Cap-aux-Meules CGRS was to be retained until the year 2000. Under a national program to integrate the Coast Guard Radio Services and the Vessel Traffic Services from 44 sites to 22 sites, the consolidation was advanced as part of the Coast Guard's contribution to reducing the government's deficit. This rationalization will result in savings of some \$13 million annually.



- The Committee reported that the telephone link to the mainland is not completely reliable. This link is provided by the local telephone company. However, provisions will be in place to use a back-up service by means of satellite technology supplied by Telesat Canada. This technology is used by the Department in the eastern Arctic and has proven to be successful.
- The Committee also expressed concern about the ability of MCTS officers at the Rivière-au-Renard Station to respond to emergencies because of the navigational conditions in the centre of the Gulf of St. Lawrence. Personnel from Cap-aux-Meules will be relocated to Rivière-au-Renard, thereby ensuring that local knowledge remains. As well, other employees now at Rivière-au-Renard will be given the necessary training in cartography covering the area in question.
- On the question of consultation and associated studies, discussions did take place with employees, users and local politicians to inform them of the planned changes. Also studies were carried out which support the decision to remote Cap-aux-Meules MCTS. Several options were evaluated through an extensive least-cost analysis to determine whether the Coast Guard should maintain the status quo, remote Cap-aux-Meules to Rivière-au-Renard, or remote the service from Rivière-au-Renard to Cap-aux-Meules.

Recommendation 23

The Committee recommends that DFO immediately review the safety concerns of small vessel owners who are concerned that large boats will no longer monitor VHF 16 or the Marine Frequency Channel after implementation of GMDSS on February 1, 1999 and publicly report its findings."

Government Response

- There is a new Global Maritime Distress and Safety System (GMDSS) being implemented worldwide. The system will change the manner in which vessels send a distress alert to the shore and to vessels in the vicinity. The change provides a more effective and efficient means of distress alerting which will have a positive impact on safety and save lives.
- In the GMDSS, ships use a new technology known as digital selective calling (DSC) to listen for and to communicate a distress alert when in coastal waters. Although it was originally planned that international shipping would no longer be required to monitor VHF channel 16 after February 1, 1999, the Maritime Safety Committee (MSC), of the International Maritime Organization, has reviewed the issue and has passed a resolution extending the VHF channel 16 listening watch requirement to February 1, 2005, on an international basis.
- The Canadian Coast Guard is committed to continuing its VHF channel 16 listening watch for the foreseeable future. This decision is based on safety concerns to ensure that vessels that are not equipped with the newer DSC technology will continue to be provided with a distress communications monitoring service.
- To make the transition to the GMDSS, and after extensive consultation with the marine industry through the Canadian Marine Advisory Council, Transport Canada, Marine Safety, has decided to implement requirements for many Canadian vessels to fit a GMDSS compatible VHF radio.



Despite this initiative, Canadian ships will still be required to monitor VHF channel 16 watch until at least the year 2005. In general, the phased-in implementation for the DSC equipment will be:

- Ships that are 300 gross tons or more, by February, 1999; and
- Ships that are more than eight metres and are of closed construction by February 2003, or alternatively, when the Canadian Coast Guard VHF radio stations are upgraded for the GMDSS, whichever ever is latest.