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Meeting of
**ATLANTIC FISHERIES
COUNCIL OF MINISTERS**

August 16, 1979
Brudenell Resort
Prince Edward Island

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NOTES
RESPECTING A MEETING OF THE
ATLANTIC FISHERIES COUNCIL OF MINISTERS
BRUDENELL RESORT
PRINCE EDWARD ISLAND
AUGUST 16, 1979

NOTES

MEETING 2/79 OF THE ATLANTIC FISHERIES COUNCIL OF MINISTERS
BRUDENELL RESORT
PRINCE EDWARD ISLAND
AUGUST 16, 1979

Chairman

The Honourable James McGrath
Minister of Fisheries and Oceans
Canada

Members

The Honourable Don Cameron
Minister of Fisheries
Nova Scotia

The Honourable Walter Carter
Minister of Fisheries
Newfoundland

The Honourable Jean Gauvin
Minister of Fisheries
New Brunswick

Mrs. Denise Leblanc
Representing the
Minister of Industry and Commerce
Quebec

The Honourable Leo Rossiter
Minister of Fisheries
Prince Edward Island

Secretary

Mr. C.E. McGee
Departmental Secretary
Department of Fisheries and Oceans, Ottawa

In Attendance

See Annexe A

NOTES

ATLANTIC FISHERIES COUNCIL OF MINISTERS MEETING
AUGUST 16, 1979
PRINCE EDWARD ISLANDOpening Remarks

Members were welcomed by the chairman, federal Fisheries Minister James McGrath, and the host, Prince Edward Island Fisheries Minister Leo Rossiter. Before proceeding with the meeting, the chairman noted with sympathy the death of the former Prime Minister, the Right Honourable John Diefenbaker, a feeling which was shared by all.

The Chairman opened his remarks by emphasizing the high priority the new administration places on fisheries management as a tool for regional development. Towards this end, the Department of Fisheries and Oceans (DFO) has undertaken a major policy review and recently released a white paper on Licensing Policy. The purpose of the white paper is to generate discussion on licensing as a major component of resource management.

The Chairman assured members of his intent to continue the federal-provincial consultations which have already started both in the context of the Council and in bilateral sessions. He stated that it was not his intent, nor the intent of the new government, to make decisions affecting the livelihood and way of life of a province without first consulting with the province or provinces concerned. DFO would aim for a greater sharing in the management of the fisheries resource with provinces rather than a transfer of legislative jurisdiction. Although differences of opinion and disagreements could be expected the chairman was hopeful that amicable solutions would be found.

At this point, the chairman invited each member to make an opening statement.

QUEBEC

Mrs. Leblanc commented that the intent to involve the provinces in the management of the fisheries resource was encouraging and expressed hope that, in future, the federal-provincial forums would assist to evolve policies for change more rapidly than in the past. She briefly summarized what she understood to be the major points that were discussed by the chairman and The Honourable R. Tremblay, Quebec Minister of Industry and Commerce, at a recent meeting in Quebec City:

- (a) that there be better cooperation between the federal and provincial governments;
- (b) that the Federal-Provincial Atlantic Fisheries Committee (FPAFC) serve as a forum to coordinate and prepare issues for discussion by the Atlantic Fisheries Council of Ministers; and
- (c) that the renewal of the fleet is a priority concern in Quebec.

NEW BRUNSWICK

Mr. Gauvin expressed concern that a significant number of vessel licences have been lost to New Brunswick fishermen in recent years through vessel sales to other provinces.

He emphasized the high importance of federal subsidies to New Brunswick where the majority of the fleet is owned by fishermen. Without subsidies, fishermen would not be able to renew their vessels. In addition to the maintenance of subsidies, New Brunswick would welcome greater planning in order to know when and where subsidies will be made available and their amount.

He indicated that the allocation of the Northern Cod stock was an important issue to New Brunswick because its rate of exploitation in 4VW in winter affects its prevalence in the Gulf in spring. On this subject, the province would make its views known at the upcoming Government/Industry Seminar on Northern Cod.

With respect to consultation, he expressed hope that it would be meaningful and heeded by the new federal government.

NEWFOUNDLAND

Mr. Carter welcomed the new attitude of cooperation from Ottawa noting that the strong demands by Newfoundland for concurrent jurisdiction stemmed from the unsatisfactory arrangements put in place by the previous government. Although such demands would likely be lessened through meaningful cooperation, he noted that, as a means to secure the future, there may come a time when the matter of provincial rights would have to be debated. Mr. Carter elaborated on several immediate concerns to Newfoundland:

Fleet Development: The harvesting strategy outlined in the Provincial White Paper of November 1978 favours slightly the inshore sector, that is vessels less than 65 feet. Fleet development arising from this strategy calls for a slight reduction in the size of the inshore fleet, a substantial increase in the size of the longliner fleet and a moderate increase in the size of the offshore fleet, by 1985.

Vessel Subsidies: Mr. Carter noted that there were overlaps between the respective federal and provincial guidelines now in place and recommended that a federal-provincial committee study the matter. He agreed with Mr. Gauvin that vessel subsidies were very important, particularly to inshore fishermen who, having suffered the consequences of poor resource conservation by Ottawa, were unable to absorb the high costs associated with vessel ownership.

Licensing: Mr. Carter expressed agreement with the Licensing White Paper and noted that it included several of the recommendations made by Newfoundland.

Over-the-Side Sales: Newfoundland was in general agreement with the concept as long as sales are well regulated so as not to adversely affect the processing sector and the employment opportunities there. He informed members that the province now licenses vessels participating in over-the-side sales which are extensions to on-shore processing facilities.

Resource Management and Conservation beyond 200 miles: Newfoundland takes the position that Canada should extend jurisdiction to include the entire continental shelf because of the significant effect overfishing outside the zone has on rebuilding stocks within the 200-mile limit. Mr. Carter noted the "flags of convenience" used by Spanish and Portuguese vessels in order to circumvent NAFO regulations.

Capelin: Mr. Carter drew to the attention of members the serious depletion of the southern stock on the Grand Banks due to overfishing by foreigners and the attendant hardship on the inshore trap fishery. He asked that the Northern stock be studied in order to avoid a "repeat performance" there.

Whales: The increased number of whales making their way inshore to seek food since their main offshore capelin source has been depleted has caused serious and extensive damage to inshore gear. In a recent case, 500 whales were spotted in one bay in one day. The point was made that not only is gear replacement costly but also futile unless steps are taken to prevent a recurrence.

NOVA SCOTIA

Mr. Cameron agreed with the chairman that fisheries could make a significant contribution to regional development. He commented that, in the past, Nova Scotia's greatest concern was to be allowed to participate in decisions respecting Nova Scotia fisheries and welcomed what he considered a healthier attitude toward federal-provincial relations. He elaborated on several other concerns:

Licensing: Nova Scotia had some reservation about the recently released white paper. Mr. Cameron noted that what is best for Nova Scotia, however, may not be best for the other Atlantic provinces.

Quality and Quality Standards: Mr. Cameron indicated that quality is an important factor vital to the opening of new markets for Canadian fish products. In his opinion, it was also a good area for federal-provincial cooperation.

Vessel subsidies: Noting the current period of constraint, Mr. Cameron questioned whether the subsidy approach was the most effective to assist fishermen. Although he felt other options should be explored, he did not favour a sudden termination of the present program.

Gulf fishery: Mr. Cameron expressed concern with the manner in which non-gulf based vessels were phased out of the fishery in 1979 and indicated that Nova Scotia would make strong representation on this matter in the development of the 1980 fishing plan.

Jurisdiction: The idea of shared jurisdiction was still an important concern to Nova Scotia but one which might better be addressed in the context of federal-provincial constitutional talks. It was hoped that the chairman's attitude of talking with provinces prior to making decisions would serve to alleviate an atmosphere of confrontation that had built up.

PRINCE EDWARD ISLAND

Mr. Rossiter outlined his understanding of the role of the Atlantic Fisheries Council of Ministers as a forum to:

- a) provide policy advice to the federal fisheries minister on such matters as research, resource management, conservation, maintenance and construction of fishing ports, etc.;
- b) discuss the development needs of the industry as a whole and coordinate technology transfers in accordance with provincial needs and priorities.

Mr. Rossiter expressed concern that Prince Edward Island was not receiving maximum benefit from the resource because of slow stock recovery, lack of adequate port maintenance and reliance on outdated fishing methods. This had resulted in a credibility problem in the marketplace.

The general areas of concern to Prince Edward Island were: vessel subsidies; fishing ports; licensing; de-regulation; fish quality; crab licences; cod quota; and freezing facilities.

With regard to vessel subsidies, Mr. Rossiter agreed with Mr. Carter that they were necessary to maintain the viability of the industry and stemmed from previous poor stock conservation. He noted that the lack of continuity in subsidy programs in the past had contributed to unemployment in the highly skilled boat building trades. Mr. Rossiter confirmed support of the subsidy program in its present form but would welcome a full review of this area by the FPAFC.

General Discussion

Subsidy Programs:

The chairman noted the general concern over the possible withdrawal of federal subsidies. Referring to an earlier comment that federal subsidies were also provided to west coast fisheries, the chairman clarified that the \$150M appropriated to the West Coast Salmon Enhancement Program over the next seven years was cost-recoverable. He made the point that the East Coast subsidy programs were based on factors dominant prior to the declaration of the 200-mile limit and, therefore, did not take into account developments since that time. A scallop licence, for example, obtainable for \$5 carries an earning potential of one half million dollars. In general, he suggested that the application of the cost recovery principle to the Atlantic Region should be fully examined.

Mr. Daneau commented that the federal subsidy program was an important component of the recent Quebec five-year plan which foresees the replacement of some 230 vessels over the next five years. He noted that, even if it made more sense economically to build boats outside of Canada, the argument to retain subsidies would still be valid because of the employment opportunities involved.

Mr. Cameron clarified that his position was not to abandon subsidies but rather to examine their purpose and effectiveness as well as alternative means for meeting the needs of fishermen.

The Chairman stated that he was prepared to refer the matter of subsidies to the FPAFC for further consideration.

Mr. Tansley commented that he would welcome a reference from the Council to the FPAFC and noted several considerations respecting the nature of the incentive, who it would be aimed at and its cost. He made the point that while fisheries has now moved to somewhere near the top of the funding priority, the total funds available have diminished.

Mr. Gauvin questioned whether subsidies would be frozen pending any review by the FPAFC.

The chairman recognized the need to honour current subsidy commitments and, as a result, assured members that any change-over would be gradual and involve federal-provincial consultation. The program would be continued with a dollar ceiling until such time as the FPAFC had the opportunity to study the matter and make recommendations.

Mr. Slade welcomed such an examination by FPAFC but pointed out that a more immediate problem in Newfoundland was to streamline the administrative procedures for obtaining subsidies. Prior to 1974 all subsidies were handled at one source, the Provincial Loan Board. Since 1974, fishermen must go to the office of each loan sponsor, a situation which has caused both confusion and inconvenience.

The chairman suggested that this new perspective on the subsidy program might also be referred to the FPAFC. Mr. Slade agreed that the policy and administrative concerns were compatible and could be studied concurrently.

Licensing:

The chairman put forward for discussion a proposal to establish a regionally based authority with delegated responsibility for all licensing matters, which would include representation from the federal and provincial governments as well as all sectors of the fishing community. Mr. Cameron expressed support for such an arrangement.

Mr. Daneau commented that Quebec already exercised delegated licensing authority and that this arrangement was working very well. With respect to resource allocation, Mr. Daneau indicated that the number of licences granted should be a function of the quantity of fish available and the migratory nature of the stock. Noting "collective ownership" several members commented on the need to coordinate allocations of migratory species.

Mr. Rossiter expressed reservations for entry restrictions placed on certain fisheries such as tuna, for example, where the rod and reel method of catch is not likely to deplete the stock. Mr. Rossiter cited several examples of the ways in which current licensing regulations were, in his opinion, too restrictive. There was general support for a lifting of the entry ban to the tuna fishery.

By way of background, Mr. MacLean explained that the licensing regime for tuna established in 1974 was based on an international agreement for this migratory stock.

Mr. Gauvin, referring to his introductory comment on the loss of New Brunswick vessel licences due to out-of-province sales, proposed that such licences be non-transferrable between provinces. Mr. Cameron did not share this position, regarding the licence as a transferrable "intangible asset" of a business.

It was agreed:

- a) to open the tuna fishery to "bona fide" fishermen for the remainder of 1979 until the quota has been expended;
- b) that the above decision become effective as soon as the details have been worked out in the regional offices;
- c) that each province prepare a written submission on all aspects of licensing using as a reference the recently distributed white paper.

Over-the-Side Sales:

Although these arrangements have the advantages of opening up new markets for underutilized species, relieving glut situations and providing a new source of income to inshore fishermen, their long-term effects have yet to be evaluated. The chairman noted that the ideal situation would be for the Canadian processing sector to accommodate these situations. He informed members that an evaluation of these arrangements would be made in 1980 but that in the interim, DFO would continue to licence foreign freezer trawlers for over-the-side sales to handle glut situations.

Mr. Slade expressed the opinion that these arrangements should come under the provincial jurisdiction for licensing processing facilities. In 1979, Newfoundland did in fact license over-the-side sales arrangements which were extensions to on-shore processing facilities as long as they did not interfere with existing operations. He noted, however, that the mobility of these vessels did make monitoring their operations for incidences of unfair competition quite difficult.

Mr. Carter raised the possibility of using cold storage facilities, such as those planned in the Newfoundland central port concept, to alleviate the glut problem and spread out the resource supply over longer periods and where needed. The possibility of involving Spain and Portugal in over-the-side sales was also raised as a means to deter them from overfishing outside the 200-mile zone.

Mr. Daneau raised for discussion the Verreault application to license a Quebec factory freezer vessel to operate in Canadian east coast waters. The vessel would essentially operate as a floating fish plant. Quebec had no objection in principle as long as there was no negative effect on employment in on-shore plants.

The juridic as well as economic implications of this venture were discussed. Dr. May noted that the venture could have positive implications if the Canadian vessel and crew were able to conduct a viable operation on the basis of relieving glut situations where and when they occurred. He informed members, however, that the application was not only to process surplus catch but also to process groundfish and herring caught under existing licences. This latter situation could take work away from existing plant operations.

Mr. Slade said that any arrangement licensed by Newfoundland would only be on the basis of a request by a Newfoundland processor to utilize the capability provided by Verreault and that the arrangement would have to detail the species processed, the duration and the location. Uncontrolled activity by such a vessel could not be permitted because of the potential impact on shore based operations.

The chairman concluded the discussion on the Verreault application by saying no further action would be contemplated until there had been more detailed discussions with the provinces on its full implications.

Fish Quality:

The chairman informed members of the consideration being given to the establishment of a central food inspection service agency. DFO has taken the position that the inclusion of fisheries inspection in such a consolidated operation would jeopardize the quality improvements that are under way and critical to gaining new markets. The provincial representatives gave their unanimous support to oppose such a step towards consolidation.

Fisheries Policy Review:

The chairman informed members that one of the major concerns of the new government is the undertaking of a policy review for the 1980's. It is expected that a white paper will be tabled for discussion in Parliament by spring 1980.

By way of background, Mr. Vernon explained that the previous policy review done in 1976 was centred on the crisis in the Atlantic fisheries in the mid-1970's and was general in nature. The present study would, by contrast, concentrate on four main areas: east coast; west coast; freshwater; and Arctic fisheries. It is intended to be a comprehensive examination of fisheries issues, involving very extensive consultations and culminating in specific recommendations. The aim would be to mesh federal and provincial policy objectives to the greatest extent possible.

The approach for obtaining input would include a questionnaire, consultative meetings and specialized studies as required.

Foreign Fishing Outside the 200-Mile Zone:

Mr. Slade raised the question of what action the federal government intended to take with countries, notably Spain and Portugal, using "flags of convenience" to fish outside the 200-mile zone. Dr. May explained that Canada was making the effort to accommodate these two nations for several reasons: their long fishing tradition in the North Atlantic; the good relationship that exists between their fishermen and ours; and their dependence on cod and inability to switch to other species. He pointed out, however, that Canada is prepared to go only so far before taking more drastic action, such as closing ports to these vessels and cancelling licences inside the zone. There is a series of upcoming meetings with Spain to try to reach a resolution of this problem.

With respect to the general problem of flags of convenience, diplomatic notes have been forwarded to countries where these vessels are registered, and official communications from NAFO have been sent pointing out the seriousness of the situation.

The problem of imposing sanctions is complicated by the fact that Canada must at the same time convince France to close off the St. Pierre and Miquelon Ports. Initial indications are that France is not prepared to do this due to the economic dependence of the two islands on foreign vessel assistance.

Canada/U.S. Agreement on Georges Bank:

As a response to Mr. Gauvin's question, the chairman indicated that the treaty had been approved by the House of Representatives and now awaited approval in the Senate and its sub-committee on Foreign Relations. Should the treaty not be approved by the end of 1979, Canada intended to apply contingency measures to lobby for approval.

Norther Capelin:

Mr. Slade expressed concern that this stock had not appeared in 1979 in areas where it had in the past. He noted the dominance of the USSR in this fishery and expressed concern about the reliability of the biological data that is forwarded by that country. Newfoundland would support a total ban on capelin in 2J+3K for 1980.

Dr. May responded that a total ban would restrict the kinds of research data needed to evolve a complete biological profile of this stock. At the same time, he indicated that data reliability had been improved with the charter of two research vessels by DFO and the placement of Canadian observers on approximately 50 per cent of Soviet vessels. Although the cost of observers was recoverable, it was not possible to place an observer on each foreign vessel for two reasons: Treasury Board would not make increased man-year allocations under the present constraint program; and, under the terms of personal service contracts, it was not possible to enter the "master-servant" relationship which is necessary for these positions.

Next Meeting:

Quebec invited the Council to hold its next meeting in Quebec City; an invitation which was welcomed by all.

Prepared by
Departmental Secretariat
Department of Fisheries and Oceans
August, 1979

In Attendance

Provincial

L.D. Johnston	Deputy Minister Department of Fisheries Prince Edward Island
D.A. MacLean	Deputy Minister Department of Fisheries Nova Scotia
G.C. Slade	Deputy Minister Department of Fisheries Newfoundland
F. Way	Cabinet Secretariat Newfoundland
R. Devine	Manager, Publications and Research Department of Fisheries Newfoundland
H. Legaré	Director General Planning and Coordination Department of Fisheries New Brunswick
D. Haché	Director, Coordination and Planning Department of Fisheries New Brunswick
M. Daneau	Associate Deputy Minister Department of Industry and Commerce Quebec
Y. Boudreau	Executive Assistant to the Parliamentary Secretary Department of Industry and Commerce Quebec
L. Walsh	Intergovernmental Affairs Secretariat Quebec

Federal

D.D. Tansley	Deputy Minister Department of Fisheries and Oceans Ottawa
A.W. May	Assistant Deputy Minister Atlantic Fisheries Department of Fisheries and Oceans Ottawa
G.C. Vernon	Assistant Deputy Minister Fisheries Economic Developing and Marketing Department of Fisheries and Oceans Ottawa
P. Meerburg	Executive Assistant to the Minister of Fisheries and Oceans Ottawa
D. Knowles	Special Adviser to the Minister of Fisheries and Oceans Ottawa
S. Mercouris	Conference Secretariat Department of Fisheries and Oceans Ottawa