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Resources**

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Department of Fisheries and Aquaculture

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Honourable Ross Wiseman, MHA

RESOURCE COMMITTEE

Department of Fisheries and Aquaculture

Chair: David Brazil, MHA

Vice-Chair: Jim Bennett, MHA

Members:

Eli Cross, MHA
Dwight Ball, MHA
Lorraine Michael, MHA
Tracey Perry, MHA
Keith Russell, MHA

Clerk of the Committee: Elizabeth Murphy

Appearing:

Department of Fisheries and Aquaculture

Hon. Derrick Dalley, MHA, Minister
Jason Card, Director of Communications
Darrell Hynes, Executive Assistant
Philip Ivimey, Departmental Controller
Dave Lewis, Deputy Minister
Alastair O'Rielly, Deputy Minister
Shawn Robinson, Assistant Deputy Minister, Fisheries
Mike Warren, Assistant Deputy Minister, Policy and Planning
Daryl Whelan, Director, Provincial Aquaculture Veterinarian
Wanda Wiseman, Director, Planning Services

Also Present

Christopher Mitchelmore, MHA
Kevin Pollard, MHA
Kim Ploughman, Researcher, Official Opposition Office
Ivan Morgan, Researcher, NDP Office

Pursuant to Standing Order 68, Christopher Mitchelmore, MHA for The Straits – White Bay North, substitutes for Lorraine Michael, MHA for Signal Hill – Quidi Vidi.

The Committee met at 9:00 a.m. in the Assembly Chamber.

CHAIR (Brazil): If we are ready to start, Minister, and everybody, I would like to welcome everybody to the Estimates for Fisheries and Aquaculture.

Let's first start by welcoming the Committee, the minister and his officials. I will first start by asking the Committee if they would introduce themselves.

MR. BENNETT: Jim Bennett, MHA for St. Barbe, Opposition Fisheries critic.

MS PLOUGHMAN: Good morning. Kim Ploughman, Liberal Opposition Office.

MR. MITCHELMORE: Christopher Mitchelmore, NDP, Fisheries and Aquaculture critic.

MR. MORGAN: Ivan Morgan, NDP caucus.

MR. POLLARD: Kevin Pollard, MHA for Baie Verte – Springdale.

MR. CROSS: Eli Cross, MHA for Bonavista North. I move now that Mr. Bennett would resume the Vice-Chair role.

CHAIR: Okay.

All those in favour, 'aye'.

SOME HON. MEMBERS: Aye.

CHAIR: Opposed?

Motion carried.

Mr. Bennett is the Vice-Chair.

MR. RUSSELL: Keith Russell, MHA for Lake Melville.

CHAIR: Minister.

MR. DALLEY: Derrick Dalley, MHA for The Isles of Notre Dame, and Minister of Fisheries and Aquaculture.

CHAIR: Your officials, please.

MR. O'RIELLY: Alastair O'Rielly, Deputy Minister of the Department of Innovation, Business and Rural Development, and former Deputy Minister of Fisheries and Aquaculture.

MS WISEMAN: Wanda Wiseman, Director of Planning Services with the Department of Fisheries and Aquaculture.

MR. LEWIS: David Lewis, Deputy Minister of Fisheries and Aquaculture, as of last week.

MR. WARREN: Good morning. Mike Warren, ADM, Policy and Planning.

MR. IVIMEY: Philip Ivimey, Departmental Controller, Fisheries and Aquaculture.

MR. ROBINSON: Good morning. Shawn Robinson, Assistant Deputy Minister of Fisheries.

DR. WHELAN: Daryl Whelan, Director of Aquatic Animal Health, Fisheries and Aquaculture.

MR. HYNES: Darrell Hynes, the Minister's Executive Assistant.

MR. CARD: Jason Card, Director of Communications.

CHAIR: Welcome to the Minister and his officials.

Before we start, a bit of housekeeping. Could I have a motion to adopt the Estimates minutes for the Resource Committee, Department of Natural Resources, held April 30?

Moved by the Member for Lake Melville.

All those in favour, 'aye'.

SOME HON. MEMBERS: Aye.

CHAIR: Opposed?

Motion carried.

On motion, minutes adopted as circulated.

CHAIR: Before we get in I just want to note, if we could, to each of the speakers. Once the minister speaks, if he wants to turn to one of his officials, identify who you are so that the Broadcast Centre can record who it is and turn your light on. Have a look to make sure that your light is on first to do that.

Also, what we will do, I will keep to the trend of twelve to fifteen minutes per member to speak. If they are on a train of thought and they are getting close to something, I will ask them to continue and finish that one train of thought or we will move it back to somebody else. I will not need the clock.

Also, what we will do is, I am going to call that we start with Estimates heading 1.1.01.

Motion? Lake Melville - that we start at that heading.

Mr. Minister, I will give you a few minutes if you want to do a brief synopsis of the department's Estimates.

MR. DALLEY: Thanks, Mr. Chair.

I want just a few minutes. I certainly want to welcome everyone and look forward to the opportunity to have a discussion about the fisheries and aquaculture for the Province and looking at the items in this year's Budget.

From our perspective, fisheries and aquaculture remains a very significant and prominent industry in this Province. We have some-20,000 people involved in the industry, and we have had significant success with the industry as well. It is still successful in many fronts.

As we all know, those obviously representing the rural areas where people are engaged in the

fishery or in discussions with fishery, there are significant challenges in our fishery, both here at home and abroad. An aging workforce, plant closures, labour challenges, these are some of the issues, as well as resource challenges and marketing. Uncertainty and competition all adds a flavour to fisheries and aquaculture each and every year.

We have a very resilient and strong group of people involved in this industry. They are very committed, both at the government level but certainly in the industry itself. I think that attributes to the success that we have had in the fishing industry.

I do want to make a brief comment about this year's budget. If we look at our Atlantic Provinces, we are still very significant relative to the Atlantic Provinces and their investment. We are still ahead of the other provinces. What stands out this year – and I would like to comment on this upfront – is that our actual budget from 2012-2013 was \$49.7 million. This year it is appearing as \$32.9 million.

That jumps out as a significant reduction, but in actual fact the time limited and demand-driven projects were due to expire this year. That would not be an expenditure measure. The actual expenditure measures in this year's budget total \$3.4 million. The rest of it was due to expire. A planned reduction as well as a result of, as I said, some of the projects and investments that were being made had expired.

We will get into the \$3.4 million and where the expenditure measures were achieved. As well, in terms of salary, because it is always an important issue, we have seen a reduction this year of thirty-two positions in Fisheries and Aquaculture. Of those, twenty-one were vacant, and some had been vacant for some time.

There are actually eleven positions and people directly impacted. It is probably the most difficult part of the budget, I know for us, throughout government and through our department. Any time you are involved with layoffs and people impacted with their positions, it is probably the most challenging part. We had

eleven people impacted as a result of the expenditure measures that we went through in our department.

I think that highlights some of the more significant pieces of our budget this year. With the budget we do have, I have to say we have a strong suite of programs that is meeting industry needs in many different areas in terms of marketing, investment, research, technology, and different programs. I will say I am pleased with the programs we do have and I do believe it is meeting the industry needs. Throughout this Budget exercise, we have not received any complaints from industry at all. I think they understand that there are expenditure measures that had to be achieved, but at the same time the suite of programs that we have to offer and to be able to address industry needs continue to work with industry.

As I have said many times, Mr. Chair, and in closing, it is not just government that runs the fishing industry. It is a partnership, and we enjoy good working relationships overall. The federal government plays a key role in our fishery as well and certainly jointly in working with both the FFAW and the seafood producers of the Province. Collectively, we have a strong industry. We have a good Budget to support the industry and I am looking forward to a good year.

CHAIR: Thank you, Minister.

Mr. Bennett, we are going to start with you with the subheading 1.1.01.

MR. BENNETT: Minister, good morning.

I would like to first of all welcome Mr. Lewis. I have not seen him for some time, but he has been with the department many years. I thought we were going to be graced with two deputy ministers today; or maybe Mr. O'Rielly's transfer was greatly exaggerated. In any event he is with IBRD, so we will still be discussing matters.

Minister, in the very first line, it says Salaries, it has gone from \$335,000, last year you used

\$255,000, and this year it is a little bit less at \$249,000. Who does that cover?

MR. DALLEY: Sorry, can you ask the question again?

MR. BENNETT: The Salaries under the first line, last year \$335,600 was budgeted. It was revised downward at \$255,200 and this year it is \$249,000. Who does that cover?

MR. DALLEY: There was an allocation there in that line for a Parliamentary Secretary in Fisheries and Aquaculture. We have not used that position, so we have taken it out. So there is the reduction.

MR. BENNETT: So there are still as many people working under this category this year as last year?

MR. DALLEY: Yes.

Actually, I am going to wait for the Chair.

MR. BENNETT: I must be (inaudible) deputy chair.

MR. DALLEY: It is a bit distracting, actually.

MR. BENNETT: Yes.

In the interest of time, I have no more questions on this section, so I would go to Mr. Mitchelmore.

MR. DALLEY: Maybe we should wait for the Chair and see if he can address that distraction.

MR. BENNETT: (inaudible) and have this matter go on to Mr. Mitchelmore because I do not have many questions on these first –

CHAIR: Okay, fair enough, if you want to do that.

Mr. Mitchelmore.

MR. BENNETT: (Inaudible).

CHAIR: Yes, then we can move to the other headings once they are completed. Fair enough. Thank you, Mr. Bennett.

MR. MITCHELMORE: You had said that the reduction of thirty-two positions and twenty-one were vacant. Can we have a list of the twenty-one vacant positions that were terminated and the eleven positions that were also reduced, as to what their roles and responsibilities were?

MR. DALLEY: Sure.

MR. MITCHELMORE: With your current staff that you have in the Minister's Office and even overall, I guess, are there people who have received reduced hours?

MR. DALLEY: In my staff? No.

MR. MITCHELMORE: Not in your ministerial office. So in terms of the salary line, then, you had mentioned there was a Parliamentary Secretary which would have been about \$28,000. There must have been another position allocated of about \$50,000 in Budget 2012-2013 to make up the \$335,600 that was not hired.

MR. DALLEY: My understanding is that this position has been around there for some time. I know some years ago there was a Parliamentary Secretary for the department. This year, when we went through the expenditure management exercise we noticed that, in terms of funding to that particular section, it had the Parliamentary Secretary still on the books, so we took that off. Outside of that, there were no other positions that we took off in terms of whether there was opportunity for some vacant positions or temporary funding. Maybe over the years, but other than that –

MR. MITCHELMORE: So the variance of about \$6,400 would allocate the change in deputy minister positions and their salary bands?

MR. DALLEY: In terms of Salaries?

MR. MITCHELMORE: Yes, last year the revised amount was \$255,200 and this year it is

\$249,800. So in order for that to happen, you switched your deputy minister's in this department and you have hired no new staff, so somebody would have had to have taken a pay cut of about \$5,400, based on your Estimates.

MR. DALLEY: There may have been a step involved, in terms of a step category or maybe one of the secretary positions in terms of the pay for those, but outside of that there is very little.

MR. MITCHELMORE: In terms of an increase?

MR. DALLEY: Yes. There are no increases in terms of salaries. Nobody got a raise other than unless they are on a step, in which they would automatically receive the step. In terms of the actual breakdown, do we have the \$6,000? Maybe we could refer back.

MR. IVIMEY: I know that you mentioned you were talking about the deputy minister positions. I am not too sure. The deputy minister positions would be underneath the subhead 1.2.01, Executive Support. Under the Minister's Office, subhead 1.1.01, the only positions that are in there underneath that funding would be the minister, the EA, Departmental Secretary to Minister, and the Secretary to Minister.

The small variance that you might see there, like I believe you were speaking to, about less than \$5,000 from the \$255,000 and \$249,000, that can occur just like the minister referred to in terms of step costs or scale where the individual position or the person in the position falls on that step or scale. Some of those positions have changed from last year to this year. That just may be indicative of who the person is and where they fall in on the scale. The only position, as the minister referred to, that was eliminated from that particular subhead would be that Parliamentary Secretary position.

MR. MITCHELMORE: Okay, thank you.

I do not have any further questions on this category.

CHAIR: Okay.

Mr. Bennett, I will go back to you for the first sections.

MR. BENNETT: Minister, in the second category, which says Executive Support, last year \$992,600 was budgeted but \$1,078,300 was spent. Does that mean there was an additional person hired? Why was it higher?

MR. DALLEY: Sorry, I am having trouble hearing, Mr. Bennett.

The increases and what you are seeing from last year's Budget to the revised is primarily due to salary payments, severances, and vacation with retirements of two ADM secretaries. Also, there was a temporary employee assigned to the Communications Division. That would attribute to the increase.

MR. BENNETT: There was no additional person hired?

MR. DALLEY: No, there was a temporary in Communications. Outside of that, the bulk of this is about payments, severance, and vacation of two ADM secretaries who retired.

MR. BENNETT: Did they elect early retirement or were they downsized? What happened?

MR. DALLEY: That is a good question.

MR. O'RIELLY: No, both of the individuals retired earlier in the year. As a result, they are due certain severance payments and so on, which impacted the budget expenditures.

MR. BENNETT: At the beginning of the year when Estimates were previously made, did the department know that these people were going to take early retirement, or were they shuffled out? Why was this not anticipated, \$80,000? It is 8 per cent or 9 per cent of the budget.

MR. DALLEY: In both cases it was not known in advance that these decisions were going to be taken by the individuals as to their retirement plans.

MR. BENNETT: Okay.

This year the Salaries budget is \$754,000, which is probably 30 per cent less than what was the actual last year. Does that mean there are fewer people this year?

MR. DALLEY: Yes.

MR. BENNETT: How many fewer?

MR. DALLEY: Two.

MR. BENNETT: What were their roles?

MR. DALLEY: There were two ADM positions taken out. One was vacant, the other one through reorganization restructuring. There were two ADM positions taken out.

MR. BENNETT: Okay. The ADM that was taken out – not the position, but the individual – is that person reassigned to another department or is that person just gone?

MR. DALLEY: Gone.

MR. BENNETT: I have no more questions on this section.

CHAIR: Okay. Mr. Mitchelmore, we will flick back and forth until this section is done, if that is fine.

MR. MITCHELMORE: (Inaudible).

CHAIR: Yes, it gets out of hand, fair enough.

MR. DALLEY: That is good.

CHAIR: Mr. Mitchelmore, under 1.2.01.

MR. MITCHELMORE: I do not really have any further questions on 1.2.01. Mr. Bennett asked about the positions in terms of the salaries. So I would be okay with going back to Mr. Bennett.

CHAIR: Okay, you can go to 1.2.02. Mr. Mitchelmore, you can go to that section.

MR. MITCHELMORE: In 1.2.02, under Administrative Support, there was no money budgeted last year for Professional or Purchased Services, but under the Revised amount there was millions actually spent in line item 05 and 06. Can you give me an explanation, Minister, on this?

MR. DALLEY: Sure. What happened in this particular section, if you notice, under Property, Furnishings and Equipment there was \$6.2 million. This allocation is primarily for the aquaculture wharves, and through a process and working with the industry, this money is put aside or budgeted for pending work that has to go through a process, design and so on.

We put it there for management purposes. Then we are able to take it from one category and move it and right-size it as we go through. Because through the different consulting and engineering work, tendering work, the pace of the work as well, all of that will contribute to making it more difficult to define the exact amount. So we put the amount into the Property, Furnishings and Equipment and we move it from there. Hence, you see why some categories were not budgeted; yet in the Revised, you notice the money has been reallocated in the numbers.

MR. MITCHELMORE: Was this work actually done in 2012-2013?

MR. DALLEY: Yes.

MR. MITCHELMORE: What was the \$3.5 million actually spent on? What particular wharves?

MR. DALLEY: There were two wharves for Harbour Breton and Pool's Cove.

MR. MITCHELMORE: Okay.

MR. DALLEY: The allocation was there to complete it but due to some of the weather conditions and some of the delays, the money did not all get spent on those two wharves, but it has been re-budgeted for 2013-2014.

MR. MITCHELMORE: That is what I was going to ask. It seems like there was a re-announcement of funds in this year's budget. I was down in Pool's Cove and saw the biosecure wharf last year, and in Harbour Breton.

This would have implications then on the overall budget, looking at that there was \$4.2 million allocated. Originally, there was \$6.2 million allocated but only \$4.2 million actually got spent, and this year there is \$8.6 million allocated. Are these for the additional wharves that –

MR. DALLEY: Yes, the increase there of approximately \$2 million is as a result of the carryover for Harbour Breton and Pool's Cove. The other allocation there is anticipation working with industry, that potential for some more work.

MR. MITCHELMORE: The \$6.4 million, is it specifically for wharves, or is it money that would go towards the processing facility in Hermitage for Gray Aqua?

MR. DALLEY: No, it would be specific for wharf work, inflow, outflow, and biosecurity nature.

MR. MITCHELMORE: Okay. Are there funds allocated under this section around the biosecurity? I find this very interesting that these funds are allocated here and not in the Aquaculture section of the Estimates. Why would it be here?

MR. DALLEY: Let me get Alastair to answer, please.

MR. IVIMEY: Those expenditures would be budgeted underneath that subcategory because that is the subhead for capital expenditures. Appropriations in that category are for construction or alternation of tangible capital assets within the department.

That is tangible capital assets within the whole department, so whether that is Fisheries or Aquaculture, and it is a capital subhead. That is why those funds would be budgeted under that

area as opposed to specifically under Aquaculture.

MR. MITCHELMORE: You have 25 per cent of the Fisheries and Aquaculture budget allocated for biosecure wharves in Aquaculture. That is a significant cut to the Department of Fisheries and Aquaculture from last year compared to where funds were allocated. Some programs must have been severely gutted in your department.

MR. DALLEY: (Inaudible) allocated last year. So next year it is \$8.6 million allocated in anticipation of, hopefully, more work.

MR. MITCHELMORE: Last year you only spent \$4 million. So you are more than doubling up what was spent last year in this type of investment and your budget has also been cut significantly as to what was allocated. Seeing where you are right now, \$8.6 million of a \$32 million budget, that is quite significant. Twenty-five per cent of every dollar you are spending is going to be in this wharfing infrastructure.

MR. DALLEY: Yes, the carryover of the \$8.6 million, there is \$2 million for Harbour Breton and Pool's Cove in which construction, as you have indicated, is well underway. So that has to be finished, as well as the potential for more work. That is the reason for the allocation. As for the expenditure reduction, it is \$3.4 million overall.

MR. MITCHELMORE: Right, but if you are increasing in terms of other types of investment, such as these wharves, then there would have to be cutbacks elsewhere.

Was there an analysis done on this investment in these biosecure wharves as to what the return is going to be to the overall economy?

MR. DALLEY: In the wharves, specifically?

MR. MITCHELMORE: Yes.

MR. DALLEY: In terms of the aquaculture industry and where it has grown, we have 1,000 people working in the industry. We have seen

an increase in the value of the industry, and it is projected to continue up to almost \$380 million by 2017.

As a part of, I guess the overall growth of the industry, and I know you have often asked questions from the Opposition side with reference to biosecurity, fish health and so on. Fundamental to the growth, from our perspective, has been a cautious best practice approach where we have certainly addressed a number of key points.

Biosecurity and fish health is probably key to the growth of the industry and I think what people of the Province would like to see in terms of the management. Our investments of inflow and outflow wharves, and specifically around fish health, surveillance and monitoring, of which this is a key part, we feel that the investment has obviously been very strong. We have invested \$20 million-odd, \$24 million or \$25 million in the equity program. We have leveraged over \$400 million. The return to the economy has been significant, and we believe that there is great potential to continue to grow this industry.

MR. MITCHELMORE: I could not agree with you more, Minister, actually, and I think this is a great investment in infrastructure and how it helps also create the biosecurity but also helps differentiate from the wild capture fishery as well so that it reduces the interference that is there.

It is a wise investment. It certainly helps build a stronger economy in the Coast of Bays region. I am not asking the questions in an Opposition form to not put the wharfing infrastructure there; I am big supporter of seeing that type of investment there –

MR. DALLEY: I appreciate that.

MR. MITCHELMORE: – and encourage it, actually, because it has turned the economy around significantly.

I do not have any further questions when it comes to section 1.2.02; Mr. Bennett may have some questions.

CHAIR: Okay.

Mr. Bennett, do you have any questions on that section?

MR. BENNETT: Yes.

Minister, last year the \$6,220,000 was in one line item and then the revised gave us three different lines. Is that a break out of the same money, or is it something different?

MR. DALLEY: No, that is the same money, but as I indicated, it is all in line 07 until we go through a process and working through the tendering process. In Professional Services you would see engineering and design and consulting fees. Then in 06, Purchased Services, you would actually see the construction.

MR. BENNETT: Why is it Purchased Services – one of your staff said tangible capital assets go there but this is called services; why isn't it called equipment?

MR. DALLEY: Sorry?

MR. BENNETT: Under line 06, it says Purchased Services and the next category says Property, Furnishings and Equipment, so Purchased Services does not sound like a capital asset to me.

MR. DALLEY: Do you want to explain that?

MR. IVIMEY: All of the expenditures that are spent underneath this subhead would be considered a capital expenditure whether it would be a professional service, a purchased service, or a piece of property, furnishings and equipment. It is just to correctly break out the expenditures as you are going through the construction design and engineering phases, the expenditures had to be broken out into those correct subheads.

MR. BENNETT: Okay. What exactly did the people of the Province get for \$3,525,000 under Purchased Services?

MR. DALLEY: A wharf in Harbour Breton and a wharf in Pool's Cove.

MR. BENNETT: Two hard assets?

MR. DALLEY: Yes.

MR. BENNETT: Nothing but the two hard assets? What was then acquired under Property, Furnishings and Equipment, \$619,100?

MR. DALLEY: That was additional expenditures for wharf design and construction. The Professional Services would be the initial part. Then as we went through construction as well, there were some additional costs for wharf design and consultation.

MR. BENNETT: Now I am probably more confused. Are you talking about 05, Professional Services \$138,000?

MR. DALLEY: Yes.

MR. BENNETT: Does that include all the engineering and design?

MR. DALLEY: Apparently not. There is a section there as well of \$619,000 as a follow-up that would also involve some wharf design, and consultation as well. I do not know if Phil can explain why there are two separate headings.

MR. IVIMEY: The expenditures would dictate the nature of the expenditures themselves. Professional Services would be if we engaged a particular design or firm and we had an expenditure directly related to, say, a piece of design work that they did.

Under Purchased Services if we had a contract where we contracted for a construction company to actually physically come in, supply the materials and build a piece of the wharf, that would be considered a purchased service because we paid the company for their services

to come in and build that particular piece of the wharf.

Under Property, Furnishings and Equipment, the types of expenditures you would normally see under there would be if government itself directly purchased the equipment or the furnishings that would go towards that capital asset. For example, if you were building a building we would engage in a contract with a firm to construct the building. Then the physical assets for the building ourselves, we will purchase, such as the furniture, the equipment that would go into the building.

Depending on the nature of the expenditure, it would fall out within those different subheads. The exact break out of those expenditures we do not have here with us now, but that would be the overriding nature of how those would be broken out.

MR. BENNETT: Can you provide the exact break out of that? I presume there is an accounting package somewhere that lists all this stuff? Are you able to provide that?

MR. DALLEY: The actual break out where that was spent?

MR. BENNETT: Yes.

MR. DALLEY: Yes, we can do that, pending any commercially sensitive information. For the most part, we should be able to provide that.

MR. BENNETT: Has the department put together a set of preliminary Estimates to know what we will get for the \$8.6 million?

MR. DALLEY: Yes.

MR. BENNETT: What will it look like next year when we see it broken out?

MR. DALLEY: Of that \$8.6 million, we know \$2 million will finish the Harbour Breton and Pool's Cove facilities. Beyond that, there has been no announcement, but there is certainly consideration of other projects.

MR. BENNETT: So the \$2 million will pick up from the amount that ran under budget by around \$2 million last year?

MR. DALLEY: Yes.

MR. BENNETT: It is just a continuation?

MR. DALLEY: Yes.

MR. BENNETT: There is an allocation of a further \$6 million, more or less the same as last year, and it has not yet been decided what that will be used for?

MR. DALLEY: Well, I do not know if it is not decided, but there has certainly been no announcement on what that will be used for. There is still some ongoing work and some ongoing consultation with industry as well.

MR. BENNETT: So are there RFPs that have come to the department that would account for that further \$6 million or so?

MR. DALLEY: No.

MR. BENNETT: At what level would that be? Is it at the preliminary discussion level or somewhere before RFP?

MR. DALLEY: Well, no, it is not based on any tenders as such. We have a history now of some wharves and some idea of costs. Based on that and based on discussions with industry whether we go forward with other wharves, there is a budget allocated for this year.

MR. BENNETT: Are these industry players all related to aquaculture?

MR. DALLEY: Yes.

MR. BENNETT: Is it related all to finfish aquaculture or shellfish aquaculture?

MR. DALLEY: Again, there has been no announcement as to what we intend to do with this, other than some early work and some discussion with industry, but I would suspect more primarily finfish.

MR. BENNETT: How many industry players is the department working with respecting finfish aquaculture?

MR. DALLEY: We have three significant players – Gray’s, Cooke, and Northern Harvest, and there are a couple in trout as well.

MR. BENNETT: I have no more questions on this section.

CHAIR: Okay.

We will go to the next section, Mr. Mitchelmore, 1.3.01.

MR. MITCHELMORE: I just wanted to make a comment around the last section that in the Budget it says that \$4 million is going to the Milltown wharf, and \$2 million for the two wharves that the minister had mentioned, to fix. So there would be approximately \$2.6 million left for potential other wharf or other infrastructure developments. Is that correct? Because the Budget specifically states Milltown.

MR. DALLEY: Pardon?

MR. MITCHELMORE: The Budget actually says \$4 million for Milltown.

MR. DALLEY: Yes, again, in discussion with industry and the work and where it is appropriate and what is the best place to do this work, it is still somewhat ongoing; but obviously Milltown is a key consideration.

MR. MITCHELMORE: Okay.

In 1.3.01, the Salaries were allocated last year at \$756,500 and they were revised at \$874,000. Is this because there were people who left and severance was paid out? Because there is an \$117,500 increase. Were there retirements? That is under Policy and Planning Services.

MR. DALLEY: No, there would be some temporary staff hired to do some work in a number of areas in terms of organizational review, transparency and accountability work, as well as some research done during the year.

MR. MITCHELMORE: These people were hired to do the core mandate review of your department?

MR. DALLEY: No, not the core mandate, just some other work that needed to get done.

MR. MITCHELMORE: What type of work did they do?

MR. DALLEY: Organizational review work, some work around transparency and accountability, as well as co-ordination of various research analyses during the year.

MR. MITCHELMORE: Is any of their research available online or available to us as members?

MR. DALLEY: It is mostly internal work that would advise some of the decisions and processes that we are following and some of the requests that would come in at various times to the department.

MR. MITCHELMORE: What type of things do they find around accountability that there were some problems? Were there things that were highlighted?

MR. DALLEY: I do not think it was about problems; I think it was about getting work done and may be a small part of some of the temporary staff work that was done. When you do get requests, as you know, it is important that we get the information. Sometimes the requests are extensive and we may not have some of the information directly, as well as some research that needs to be done as well.

MR. MITCHELMORE: Why would you have temporary staff do this type of analysis and not core staff in your policy and administrative division? Do these people not have the expertise?

MR. DALLEY: The temporary people would be more support. I mean, the senior staff would guide, direct and manage the work; but sometimes, depending on the nature of what is involved or how much work is involved, it is an

opportunity for some extra work and extra research.

MR. MITCHELMORE: Where did the funds allocated for your departmental core mandate review fall, for the funds allocated?

MR. DALLEY: Was it core mandate review?

MR. MITCHELMORE: For your department.

MR. DALLEY: Alastair.

MR. O'RIELLY: Is the question was there a specific allocation for core mandate?

MR. MITCHELMORE: Yes, there would have had to have been specific allocation of fund or staff. Who did the core mandate review within your department?

MR. O'RIELLY: It was not anybody specific. It was distributed amongst all the senior executives, senior management of the department, and it was an effort I guess, in terms of core mandate analysis, to review each and every activity of the department and explore where there were opportunities for improved efficiencies and so on. The support staff in this context were people who provided some additional support to the department executive.

MR. MITCHELMORE: Where there directions given as to how much was needed to be cut by the department?

MR. O'RIELLY: The initial core mandate analysis piece asked each department to review all activities and determine where there were opportunities, seek ideas from staff, seek ideas from industry, and to explore what were the opportunities for improved operating efficiency.

MR. MITCHELMORE: Will the minister provide a copy of the departmental analysis that saved efficiencies, to my office?

MR. O'RIELLY: Each of those items are reflected really in the budget decisions of the department. Where there was cost savings

achieved, are reflective of the things that were explored and what the changes were made.

MR. MITCHELMORE: Was there a report done, though, and completed, and can it be made available?

MR. O'RIELLY: No, there was no report, as such, on the overall thing. Each item was explored and then the budgetary decisions, there were recommendations made to the minister as to where cuts could be achieved or might be considered, and then decisions were taken pursuant to that.

MR. MITCHELMORE: Were all these recommendations made in person? They were not written?

MR. O'RIELLY: No, they were all made in person, in recommendations to the minister based on each of the items that we reviewed. There was no comprehensive report done on core mandate analysis in that sense.

MR. MITCHELMORE: In terms of doing an analysis on the department, there was nothing in writing as to saving money and all the recommendations were made verbally to the minister is what you are saying?

MR. O'RIELLY: No. There were a number of items explored and there was research done as to what opportunities may exist for effecting savings and these were discussed at the management level, at the executive level, then finally were considered as to their inclusion into the budget submission for the department.

MR. DALLEY: If I could just comment, Mr. Chair.

CHAIR: Sure, go ahead.

MR. DALLEY: Just a comment on the budget process and what feeds the budget process. From my perspective, I did not wait for a report from everybody, to sit down and read the report and decide where we are going. It is done face to face, where you sit down and analyze, discuss, talk, and look at numbers. Obviously

the work that staff has done heavily feeds into this budget process, but I can tell you it was done primarily face to face.

MR. MITCHELMORE: Okay.

How often, as minister, have you met with the Minister of Fisheries to discuss fishery policies in our department?

MR. DALLEY: Minister Ashfield?

MR. MITCHELMORE: Any Minister of Fisheries, federally.

MR. DALLEY: There is only one.

MR. MITCHELMORE: For a period of time there was Minister Shea.

MR. DALLEY: Sorry, I met with Minister Ashfield twice and I met with Minister Shea as well while she was acting.

MR. MITCHELMORE: What did you discuss?

MR. DALLEY: I do not have the agenda here, but I know at the time we had a discussion about, if I recall, some of the agenda items. The resource issues in 2J, 3K was an important discussion. We had a discussion about the sealing industry. We had a discussion about search and rescue.

We would have had a discussion about some of the regulatory changes that we are hearing from industry as well around the flexibility and management of harvesting opportunities, some discussion around allocation of resources, cod and so on. Those are the ones I recall; there might have been a few more on the list. The West Coast issue as well in terms of the halibut issue, I did have a discussion with the minister on that as well.

MR. MITCHELMORE: Are there regular meetings with the federal Minister of Fisheries? Do you have regularly scheduled meetings?

MR. DALLEY: No.

MR. MITCHELMORE: Okay.

MR. DALLEY: I will say from my perspective and dealing with Minister Ashfield, I think he is very supportive of Newfoundland and Labrador in general and our fishery. He has been accessible for us at any time. We have had some conversations over the phone or with his staff or whatever might be the case. I find him to be very supportive and understanding of the industry in Newfoundland and Labrador.

MR. MITCHELMORE: That is very positive to hear, Minister. It is important to have that type of relationship.

Can you explain the \$160,000 loss of salaries? Obviously they were positions lost here or they were retirements under the Salaries section.

MR. DALLEY: Yes, there were three positions. One was a permanent position and two were vacant. As well, we re-profiled an admin support position to planning and marketing. That would account for that reduction in Salaries.

MR. MITCHELMORE: Yes. It is just that the vacancies would not have been money that would have been spent, so there was one position and an admin person that account for \$160,000?

MR. DALLEY: In terms of the vacancies, what happens in vacancies in salary positions, that allows you, in terms of temporary staff as well – the allocation of the vacancy is still there in the budget, so it allows you to re-work some of funding. It might be with students, it could be temporary staff, or it could be things that you need to get done. That gives you some flexibility with your salary dollars.

MR. MITCHELMORE: Yes, I am clear on that, for sure.

I just have a question around your Grants and Subsidies under this section of \$63,000 this year. Who is getting this funding? What is it for?

MR. DALLEY: This \$63,000 is a part of the \$100,000 that we put into seal communication strategy, the sealing industry and supporting overall. What we have done this year is re-profiled it to this particular division from Innovation and Development.

MR. MITCHELMORE: Okay.

When it comes to revenue, last year, provincial revenue, it says that there was \$36,500. What accounts for this jump? Because this year, like last year, what is budgeted is \$2,000. I am wondering how the planning and administrative division is generating revenue.

MR. DALLEY: That particular revenue item came from the cost for the Deloitte report of the Marystown financial review, and OCI paid for the report.

MR. MITCHELMORE: Was that the total cost of the report?

MR. DALLEY: Yes, it was.

MR. MITCHELMORE: I do not have any further questions under 1.3.01.

If Mr. Bennett would like to –

CHAIR: Okay, Mr. Mitchelmore, I will to Mr. Bennett on that section.

MR. BENNETT: I have no questions on this section.

CHAIR: Okay.

We will go to 1.3.02.

MR. BENNETT: Minister, line item 10, under that category, says Grants and Subsidies. Last year there was \$8.6 million budgeted and \$8.1 million used. This year it is down to \$2.4 million. What is that all about?

MR. DALLEY: This is in reference to some of the one-time funding in projects ending and moving through the different phases of our programs. Last year, to give you some idea of

what was allocated in that \$8.6 million, the lobster sustainability program had \$4.1 million, and that is the retirement program. Whereas, this year, we are into the final year, so a lot of the money of the \$9.1 million from our side has been already paid out, so we are nearing the end of the program. This year there is only like \$1.4 million allocated. There was a reduction, but it was a planned reduction from \$4.1 million down to \$1.4 million because of the way the program went. That is one line item.

Another one is the Canadian Fisheries Ecosystems Research and the research that George Rose is doing. It has been ongoing for a number of years. There was a five-year commitment. Last year there was \$3.75 million. Again, in terms of the program and the funding and the way it has gone, this year it is \$1.575 million; hence, the significant reduction this year. It was not a cut; it was planned as the project would unfold.

As well here we have coastal and oceans management, \$150,000 was allocated, and that stayed the same for this year. As well as fisheries science, there was \$600,000 allocated in 2012-2013 towards fisheries science, some cod recovery work, but mostly science and research.

MR. BENNETT: When you refer to the work being done by George Rose, the five years, is that the *Celtic Explorer*?

MR. DALLEY: Yes.

MR. BENNETT: Will that be continued?

MR. DALLEY: We are hoping to. Right now, we are nearing the fourth year?

OFFICIAL: Yes.

MR. DALLEY: We are into the fourth year. This year, the *Celtic Explorer* is out right now. Of the five years, there was three years in which we allocated funding for the vessel. That has been done; hence, the reduction. Our hope is that we will be able to continue with CFER and the work that George Rose is doing.

MR. BENNETT: Is there any reporting in place for that to report back to see what the results are on an annual basis or some other basis?

MR. DALLEY: Mr. Rose gives us updates. There is no complete report yet, but we do get updates. I think each year, in the RAP session, the work that Mr. Rose is doing helps support the discussion with the industry and supports the work of DFO, and I guess ultimately they make decisions on allocations and trends and so on. At this point, there is no report.

MR. BENNETT: What species specifically is he doing research on?

MR. DALLEY: There are a number of species, but it is mostly cod work.

MR. BENNETT: Is he providing ongoing feedback to your department as he learns things, like on a seasonal basis?

MR. DALLEY: We do get some information as to what they are doing. What I might suggest, when this year's research is done, it might be worthwhile, I would certainly be able to arrange some sort of briefing or information session where you could get to see the tremendous work that they are doing and the results so far of what they have been able to find. I have to say, they are doing tremendous work. It is very revealing and very important to our industry. If you are interested, maybe we could arrange some sort of information session, once they are done this year.

MR. BENNETT: Is it contemplated in his terms of reference that there will be a final report, that he will deliver a final written report to the department?

MR. DALLEY: I will get Alastair to speak to that.

MR. O'RIELLY: I guess there will be some sort of a report prepared if the thing terminates, but hopefully that will not happen. Hopefully it can be continued.

As the minister said, this is the fourth year and it is the third year of the survey work. What George Rose has been doing is submitting the information to DFO as part of their normal processes. There is also a process where there is an industry advisory group that is chaired by Dr. Art May. They meet periodically.

During the course of those meetings Dr. Rose and his other scientists outline what they are doing, what their research plans and so on are, and then validate that in terms of consultations and feedback from industry. The industry participants on that by the way include people primarily from the harvesting sector, but I think there is also interest from processing as well.

MR. BENNETT: Even though you said you hope that it will continue and there would not be a report to conclude it, will there be a report provided that would justify its continuation?

MR. O'RIELLY: I think on that point it is now at a stage where having completed the second year of the survey and then now the third one, as the minister said which is ongoing, one expects that at the end of this there will be enough information compiled to allow some sort of an analysis or assessment of how much this work has added to the knowledge base of the Province, of the industry, and of DFO.

MR. BENNETT: One of the concerns that I have, and I think it is a common concern, is in fisheries above all we tend to have more reports than anything else. As a matter of fact, somebody supplied me with two full shopping bags more than a year ago. They stack up almost two feet high of reports from Confederation forward.

A lot of the information appeared to be useful at the time; it may not have been acted on. It may have been useful at the time, but by the time it got around to being reported back it may not have been relevant or no longer timely.

I have no doubt that he is doing good work, and hopefully good enough that it might continue, but not knowing what it is or what we are doing with it gives me concern. Will this be another

fisheries study or fisheries report that we do not get much out of, as taxpayers?

MR. DALLEY: Your point is well taken. We always see reports and wonder what happens to them and so on, but in this particular case the information is up to date that he is providing.

Being a part of the annual session with DFO and with industry and having industry directly involved, the information is getting out there today. So that is current and accurate. How that will fuel decisions and certainly in terms of the RAP sessions and so on to support DFO and to support the industry in some of the decisions they have to make – but it is important it stay current, I agree with you. Hopefully, each year as they do more work and find new science, they will continue to help feed some of the decisions that need to be made.

MR. BENNETT: Do you anticipate that this research that the Province is paying for will be used or could be used relatively soon in some sort of a cod fishery recovery strategy, maybe jointly with the feds?

MR. DALLEY: Yes, I think it is already being used in a number of ways in terms of – again, I think you probably need to see some of the work that is being done and some of the science, and the high level of information that Dr. Rose is finding. I think it is already being used to help in terms of decisions around allocations. We do not have the cod allocations for this year, but in terms of information DFO would have to consider, the work of George Rose would certainly be a part of it.

MR. BENNETT: What position is the Department of Fisheries and Aquaculture in today to be able to take these scientific findings and push them forward in marketing in order to be able to get back into a smaller scale but higher end cod fishery, if any? Are we there, or do you see us ever getting there?

Instead of going out with draggers and catching all the fish as soon as we are able to, moving back in with the smaller quotas that we see now and the seventy-odd groundfish plants that are

out there so we could identify target markets and move forward.

MR. DALLEY: No doubt, the work of, whether it is DFO or CFER or industry itself, obviously fuels our fishing industry, and cod no different. Specific to markets, we are always seeing some of that activity right now with Icewater in terms of specialized markets. What the reality is, I think industry is well aware.

The marketing challenges for cod right now are extremely difficult. There is 1.5 million tons of cod in the world; 1.7 million tons of the world supply in cod. We have seen a shift in markets over time. There is much anticipation and hope that market demand will increase in the future, as will our cod supply, I guess. Right now, those challenges exist.

What we are finding in terms of trends, our biomass, and what we anticipate for the future in terms of a cod fishery, all of that will tie into future market opportunities. Right now companies like Icewater, who is probably one of our strongest players in the markets, they are recognizing as well some of the higher quality, smaller amounts, because the reality is, it is highly competitive out there.

MR. BENNETT: Under this sustainable fishery – and this is where I would look at it – are we at a point yet where any of our suppliers can produce a product that goes straight into the supermarket showcase somewhere in the world?

MR. DALLEY: I will get Alastair to answer that.

MR. O'RIELLY: I think it depends on how one interprets final product consumption. A lot of the products that are now produced, the shellfish products are ready to eat products and ready for consumers consumption. In the case of the shrimp sector, which is primarily in Europe, in the last few years virtually 90 per cent of the sales have been into the European market. It has not really been possible to enter that market with branded products because of tariffs and other

restrictions, which one hopes will be removed soon.

In the case of crab products, they are sold either into the US market or into the Japanese market in the food service sector, primarily. There are some retail packs done which offer the opportunity for branding and small packages usually less than two kg, but primarily it is in the food service sector where they are sold in larger packages and made available to restaurants and other institutional users in that form.

MR. BENNETT: I was not thinking much of shellfish, although for sure that is important. I was thinking of white fish, like cod. That someone would walk along by a supermarket in Boston or wherever and see right in that showcase something and just take it out, take it home and stick it in the microwave. If it is Cod au Gratin or whatever, and we have absolutely maximized the amount of processing that we could get out of it. Are we there with any processor yet?

MR. O'RIELLY: I would say in the case of cod or other white flesh species, that is not where the industry has been heading in recent years and it is because of changes in supply and demand for products globally.

What is happening in most of our white flesh products, as the minister mentioned with Icewater, they are doing a brand of product. They are doing it into the European market, into a high-end, high-quality fillet or portions. That is where the maximum value is. Similarly in turbot, the best opportunity for that is in a whole or near-whole form for the Asian market.

The issues of doing secondary processing and value-added products of that type, they require really, really inexpensive raw material, which we really do not have. The price points are such that it is just not viable to pursue those markets at this point in time. It is not likely it will be in the foreseeable future either for those types of products.

Where the real opportunity will probably emerge is being able to do high-end, high-quality

products sold to more exclusive customers in world markets, which is where Icewater has moved and where other companies are looking to expand.

MR. BENNETT: Okay.

CHAIR: Mr. Bennett, do you have much on that section?

MR. BENNETT: Yes, a little bit. I could defer to Mr. Mitchelmore and come back.

CHAIR: Okay. I will go back to Mr. Mitchelmore and see where he goes with it and then back to you, Mr. Bennett.

MR. MITCHELMORE: Okay. Minister, would you be able to provide us with a list of the grants and subsidies of the people who are receiving the allocation this year and what was provided last year? I know you gave some explanation, but would it be possible to have a –

MR. DALLEY: Sure, we can give you a break down.

MR. MITCHELMORE: That would be great.

I have a question around this section which involves the coastal and oceans policy with the federal government. Is there a reason why there is no revenue from the federal government listed in this section? Are we not receiving any type of funds from the feds?

MR. DALLEY: No.

MR. MITCHELMORE: Is the federal government doing their own research in terms of ocean and coastal policy and we are doing our own research? Why wouldn't we look at doing cross jurisdictional, combine our money to further these initiatives?

MR. DALLEY: Like you are seeing in the science research as well, we complement what is happening with DFO and their work. Certainly in terms of the coastal oceans and management, we complement the work that is being done on the federal side. We are aware of what they are

doing, and they are aware of what we are doing with our own provincial initiative.

MR. MITCHELMORE: Yes, your initiative, you finalized the Coastal and Ocean Management Strategy, I believe, some time in 2012, and you have an objective in your strategic plan. By March 31, 2013, we "...will have the implementation of action items and continued policy development to further advance the coastal and ocean management strategy", and this will continue into 2014.

Have you achieved any of these action items to date? Can we have a list of what has been achieved and what is still in progress?

MR. DALLEY: The number of action items, I guess that is some of the objectives of what we are trying to achieve in terms of healthy marine environments, a social, cultural and economic stability, the education side, coastal land use as well, looking at the climate change impacts, and other coastal and marine infrastructure that may have other positive or negative impact. So through all of that and achieving our objectives we have outsourced a lot of the funding to a lot of groups that are engaged in the whole education process and coastal management awareness.

We could provide you with a list of where that funding went.

MR. MITCHELMORE: That would be great.

Mr. George Rose has been doing a lot of research, and you were talking about the research that was done. It was reported that they were finding a resurgence of cod in his actual research, but then we see conflicting reports recently in the media saying that cod may never recover.

What is your opinion on this and is our research showing that cod is rebounding going to supersede this negative perception that is out there in the media?

MR. DALLEY: Certainly from our perspective, the work that Dr. George Rose has been doing,

supported with the other science from DFO, and in terms of anecdotal feedback, as we would all know, from our own fishermen, we believe and the science supports a positive trend toward cod recovery. I think it has been noted, and certainly a consensus, we are nowhere near the biomass that we used to be historical levels.

What is encouraging is that we are seeing a positive trend toward cod recovery, and Dr. George Rowe's work is certainly supportive of that, but it is not to indicate that we are ready to throw it all open to a full scale commercial fishery and a fishery that certainly would be sustainable. I think that is what is key to all of us involved in the industry. This time around we have to obviously measure decisions that are being made and what impact it will particularly have on the sustainability of the resource.

MR. MITCHELMORE: Is your department advocating for even a marginal increase for the inshore cod quotas or are you just advocating for the status quo?

MR. DALLEY: We are certainly exploring that and taking a look at all of the information that has come through. What we would like to see is a decision that would reflect the current science and the current assessment of the stock. We would not want to see a decrease if it is not necessary and we would not want to see a significant increase where we would challenge the sustainability of the resource; but if all information would indicate that the current stock assessment would be able to be managed with an increase, then we would support it.

MR. MITCHELMORE: Is accurate information available, though, to actually base research decisions from fishers' catch and their logbooks for the very small inshore, as to how things are actually accounted for? It seems like there is a real discrepancy as to how information is being supplied to the federal government.

MR. DALLEY: Alastair.

MR. O'RIELLY: You are right about the discrepancy, I think, in terms of what people see on the water versus on occasion what scientists

have seen in their resource surveys. The information is collected and collated, and it is input into the Regional Advisory Process, the RAP, for assessing of stocks. There is also considerable debate and discussion about: What does it mean? Why are there differences?

In the last number of years, what harvesters have been seeing in near-shore areas is significant improvements in the abundance of cod and the conditioning. Offshore surveys were not showing that, but in the last year in particular Dr. Rose's survey has shown a greater presence of stocks of cod in more traditional areas, like what he terms the Bonavista corridor, a traditional fishing area. That is encouraging.

The other thing that he has noted is a much larger size cod than the DFO survey had shown. So that is an area of debate between DFO science and Dr. Rose. Hopefully the work this year will help reconcile those different views.

The issue with reconciling where harvesters see, and scientists, I think, is going to require further debate and discussion. Hopefully, that process that is involved now, the RAP with DFO and the industry advisory process with Dr. Rose's group in CFER, will help reconcile those differences and help people to have a better understanding of what the resource potential is, what is sustainable, and what is realistic in terms of recovery patterns and exploitation rates.

MR. MITCHELMORE: Thank you, Alastair, for that.

Certainly, from fishers I have talked to, they are seeing larger cod. I have seen it even with the food fishery. I am not saying that it is exponential, the increases, but it seems from the people I have spoken to, along with Dr. George Rose's research, there may be a means to marginally increase quotas for the inshore fishers. They have such a small quota as it is right now.

I do want to make a comment around the minister's district. Can you update us on the cod potting pilot project, that initiative, because that is something that would have been around

sustainable fisheries and good resource ocean practices? Is that still continuing?

MR. DALLEY: The only feedback that I did get on that directed from the people using the pots was very positive in terms of quality. The other side of that is it has been available and there has been no uptake outside of that particular project.

MR. MITCHELMORE: Okay.

MR. DALLEY: It has certainly been positive on a small scale to be able to supply specific restaurants, but beyond that there has been no uptake.

MR. MITCHELMORE: I would just think of the food revolution and how things are happening here in the larger urban centres and a number of places. Tourists and residents, they want fresh fish and they want the highest quality of fish they can get. Cod potting is one of the measures where they can certainly get that high quality, and the fisher can get a high return. It seems like a win-win solution but it is a small scale. There is only a certain size of the market that can be served.

Is this available if there are individual fishers who wanted to go through this process, or would it be a long, daunting process to get permits and to go through your department to actually fish in that way?

MR. DALLEY: I do not think it would be a long, daunting process. There would be a process here, of course, but it is available. We can work with anyone who is interested. It is ongoing in terms of those who were initially involved.

You are right, the quality is there, but it is small scale. At the same time, the harvesters and those involved would have to be the proponents who want to move forward with it.

MR. MITCHELMORE: I do not have any more specific questions on the sustainable fishery. Should I go on to the next section now, Mr. Brazil?

CHAIR: Sure.

You have seven minutes left on your time.

MR. MITCHELMORE: Under 1.4.01, Coordination and Support Services, the Salaries jumped from \$264,800 to \$311,200; it is \$46,400. Was this also some temporary staff hired in the process, or were these retirements and severances paid?

MR. DALLEY: No, this was due to additional positions that were added to Municipal Affairs to assist in a program delivery of Workforce Adjustment.

MR. MITCHELMORE: Okay. How many positions were added, a couple of positions?

MR. DALLEY: One position.

MR. MITCHELMORE: Okay. This year the allocation for the Salaries is \$205,000. I would imagine that position has been lost and maybe an additional position or more. Can you give us a breakdown as to how many positions?

MR. DALLEY: I guess the temporary position, but certainly there was another permanent position taken out of there as well.

MR. MITCHELMORE: What was that position?

MR. DALLEY: It was the Director of Fishing Industry Renewal.

MR. MITCHELMORE: Okay. The Professional Services last year allocated \$30,000 but no money was spent. Is there a reason for that?

MR. DALLEY: Yes, the money was allocated to do a review of the Fishing Industry Renewal and Adjustment Program but that was deferred and was not done, and we are hoping to do it this year.

MR. MITCHELMORE: What will this actual review entail? Is this similar to what the fishing MOU was originally intended to do? Is there a –

MR. DALLEY: Well, it is not like the MOU process, I guess, but the Fishing Industry Renewal was in 2007. There were a number of elements to the strategy in terms of processing policy, fish auctions, different research and development around FITNOP, occupational health and safety initiatives, the loan guarantee.

There are a suite of elements of that strategy we would like to assess and see. It has been since 2007, and by many accounts it has been successful. There is some that have not, and we would just like to do a review to see in terms of where we can strengthen some of these programs or, in fact, maybe something else has developed as a result of these programs. A review would be timely.

MR. MITCHELMORE: Okay, that sounds good.

You had mentioned fish auctions as part of the original review. I had visited Iceland and their fish markets. How they do the real-time auction based system, and how anybody can basically bid on a person's catch that is coming to shore. Then they have trucks set up to purchase specific product. It gets shipped to a facility to be processed. It is almost like just in time, almost like how Wal-Mart delivers its product so that it is always there on the shelf.

It seems like something interesting to further explore. There is no risk to the harvester of not getting paid because the money is always available, it is real-time capital. We see that in a number of small communities sometimes where fishers do not get paid for their product. That could be a means to eliminate that.

I just wanted to ask you, Minister, around the Grants and Subsidies section, last year you had budgeted \$2.375 million and you actually spent much more than that. I imagine this is for the Fisheries Adjustment Program, for the plants that were shut down in Burin and Marystown and a number of other places – Port Union – across the Province. Is that the case?

MR. DALLEY: Yes, it is.

MR. MITCHELMORE: How many people were actually served under this program? Do you have a list?

MR. DALLEY: Last year, approximately 347.

MR. MITCHELMORE: Three hundred and forty-seven people availed of the program?

MR. DALLEY: Yes.

MR. MITCHELMORE: Do you know how many plant workers were actually displaced so that a number of them would have found work elsewhere?

MR. DALLEY: I do not have an exact number as to how many were displaced, other than the ones who were actually served by the program.

MR. MITCHELMORE: It seems like there were –

MR. DALLEY: We could probably get those.

MR. MITCHELMORE: That would be great, because it seems like there were high numbers of people who were working at these facilities. If 347 people were the only ones who availed of it, I wonder if they were able to find work elsewhere, or if there were barriers for them to even get on the program?

MR. DALLEY: We are not aware of the barriers, as such, because the criteria are fairly straightforward. I think your point, and if I could raise it, we had some recent plant closures as well in a number of communities. We are finding a lot of these displaced workers as a result of the closures, are picking up employment elsewhere.

MR. MITCHELMORE: Okay.

MR. DALLEY: It is a positive in that sense. Unfortunate for those, obviously, who did not have the opportunity to pick up more employment, but we are finding – and I guess last year with the closures, a number of people would have gotten employment or opted to do something else. This year we are seeing so far

with the plant closures, as a result, most people are finding work elsewhere.

MR. MITCHELMORE: I know even in my own district, a Town like Englee, there are workers who have travelled to Bay de Verde this year to go to work, more than 1,000 kilometres away from their home for employment.

MR. DALLEY: Yes.

MR. MITCHELMORE: It is positive to see the Conche plant operating so well and hiring a number of people, too.

This year you are anticipating there will be much less need for this program. You are not anticipating a number of other plant closures, or if you are, you are anticipating that they will be able to find work elsewhere. Is that the case?

MR. DALLEY: Well, a combination, I guess. Certainly, the results we have seen as a result of recent closures would suggest that there will be less of a demand on the funding that is required.

Obviously, as I have indicated, we do not close plants. Where we can, obviously, within the industry, working with industry to hear what is happening and so on, there was some concern about the La Scie plant. I understand that is going to be operational this year, as well. Outside of that, at the moment we do not have any on the horizon.

CHAIR: Mr. Mitchelmore, are you almost finished that section?

MR. MITCHELMORE: I have a few more questions but I am more than happy to go back to Mr. Bennett.

CHAIR: Okay, I will go back to Mr. Bennett then, to keep the train of thought going.

Mr. Bennett.

MR. BENNETT: On that section, I do not actually have any questions, but I would ask – it looks like it comes up a little later on. If I go there now it kind of becomes disjointed. It is

more under Seafood Marketing and Support Services. If Mr. Michelmore wants to come up to that area and ask all the questions he wants up to then, I will not have much until we get to the next page.

CHAIR: Okay. We can go that route.

Mr. Mitchelmore, you can complete yours and then we will adopt that section.

MR. MITCHELMORE: Okay, I just have a couple of more questions around this program for these workers.

The displaced workers in regions like Port Union, for example, these programs are meant to be just a one-time, one-year program. That is correct, right?

MR. DALLEY: Yes, it is a transition program.

MR. MITCHELMORE: In communities that are – I guess there are still workers who are displaced. Is there a taskforce, or has there been things to help create new economic opportunities in places like Port Union?

I have not seen that happen in my own district. Like in Englee, there has certainly been the support put in for the workers but for transitioning the community to create new economic opportunities, we do not see that role happening from the Department of Fisheries and Aquaculture.

MR. DALLEY: In terms of transitioning to new economies, Innovation, Business and Rural Development would be the lead within government. Through this whole process, in terms of not only helping transition workers but I guess making communities, and leaders of the communities, and people involved in this closure, aware of a suite of programs that is offered through government, should they have some ideas and suggestions and opportunities, I guess it is not our role to go in and force the economies in certain situations, but to be able to let them know that we are there to provide support. There are opportunities within our suite

of programs that we would work with them very closely.

If there have not been things happening it is probably because there has not been a lot come our way to work with. In terms of the whole transition piece, the workers being the key, and then whatever services we can provide to them to help them adjust and to find out in terms of labour market opportunities that might exist and then beyond that, supporting the economies of the region.

MR. MITCHELMORE: Yes, certainly, communication is a two-way street. You need to have the proposals coming forward and that dialogue to make things happen. I have always found your department has been more than receptive of listening to ideas and at least directing and working in the right direction.

I just have one other question pertaining to this Grants and Subsidies section. There is no revenue put forward here from companies that had plant workers. Do they not help out and assist in transition sometimes? A company like Ocean Choice International that would have programming in place or things like that where they would be contributing? I believe they were topping up money previously in announcements and things like that, but I do not see any revenue recorded.

MR. DALLEY: A couple of things with that, in most cases they are not required to, depending on the nature and the business relationship and so on. Some companies may come forward to support but they are not required to. There were a couple of situations where FPI was involved, the companies were involved, and government was involved in the setting up and the licensing and so on. There were some conditions attached to it.

In OCI's case, they were not required to, particularly with Marystown workers. As a result of the agreement that we put in place, we are able to add that as a condition of licensing to be able to support the Marystown workers and Port Union.

The other side of that, I would suspect that if there was revenue it would probably show in Municipal Affairs.

MR. MITCHELMORE: Okay, thank you.

I do not have any further questions on that section.

CHAIR: Okay, Mr. Mitchelmore.

What we will do is I will ask for a motion to adopt subheadings 1.1.01 to 1.4.01.

The Member for Fortune Bay – Cape La Hune.

All those in favour, ‘aye’.

SOME HON. MEMBERS: Aye.

CHAIR: Opposed.

Motion carried.

On motion, subheads 1.1.01 through 1.4.01 carried.

CHAIR: That subhead is done.

Mr. Bennett, I am going to go back to you and give you some extra time before we click back to Mr. Mitchelmore.

MR. BENNETT: Okay, thank you.

CHAIR: Under 2.1.01, starting there.

MR. BENNETT: In the first category, I do not have any questions in Administration and Support Services. I am quite a bit more interested in the next section, Seafood Marketing and Support Services.

Minister, under subhead 10, Grants and Subsidies, what was contemplated in last year’s budget, the \$4.1 million that was not done, or did not happen?

MR. DALLEY: Where are you?

MR. BENNETT: Right near the bottom, 2.2.01, Seafood Marketing and Support Services, line 10.

MR. DALLEY: Okay, 2.2?

MR. BENNETT: Yes, Seafood Marketing and Support Services.

MR. DALLEY: The primary funding in that particular section, Seafood Marketing, was around the sales consortia marketing council. It was a commitment made as a result of the MOU process and working with industry on a three-year trial basis, as a pilot. That money was allocated to work with industry, should industry decide they want to move in the direction of a seafood marketing council, I guess predicated by sales consortia as well.

MR. BENNETT: When you say industry, who exactly do you mean, companies, union?

MR. DALLEY: Companies.

MR. BENNETT: Which companies?

MR. DALLEY: All companies.

MR. BENNETT: So, \$450,000 was actually used?

MR. DALLEY: Yes.

MR. BENNETT: What happened there?

MR. DALLEY: That funding would primarily be used by the Province in terms of local promotion, trade shows, support for MSC certification, and traceability issues, primarily, would come from the department in supporting the industry.

MR. BENNETT: This year \$2.6 million is estimated. What would that we used for?

MR. DALLEY: We are hoping it is going to be used to support sales consortia. There is a group showing some interest and we have been working back and forth. I will say that the uptake has been slow but there is still some

interest. We are hoping this year they will come forward with a final proposal that will be able to move us in this direction.

MR. BENNETT: There are local entrepreneurs who complain fairly strongly that they are unable to get government support for product development and marketing.

For example, nearly a year ago a small seafood operator, a small plant operator showed me his premises, and if he were able to be properly situated he likely could have a Costco order. He is within an hour and a half from St. John's. He gave me a large bag of fish balls as big as a meatball, with the centre cheddar cheese, for me to try an example of his product.

One of his complaints is he was not able to get proper inventory financing because – that way, he could not do enough product to be able to penetrate the Costco market, even though they had discussions. That product is still a good product. As a matter of fact, I know it is a good product because I put it in the freezer part of the refrigerator in the Opposition offices last year, ate some, and this year it is still good. It is still a good product. It is easy to prepare. You can microwave it, it is just done. This may be something that needs to be dealt with in IBRD, as well as DFA.

What is available for our entrepreneurs to be able to develop the Canadian seafood market?

MR. DALLEY: We support marketing and marketing initiatives, obviously, on a large scale, industry wide.

Specifically, I do not know if this person has sent in a proposal to our department or whether there has been something sent to Innovation, Business and Rural Development Department. I would have to see the proposal in terms of what they are proposing, but we do provide support to help marketing. It is obviously on a smaller scale if we are dealing with one processor.

Industry wide is the direction that we want to try and encourage industry, and encourage some help for the smaller processors who we hear

from time and time are certainly challenged with marketing and the cost of marketing. We would have to see a proposal. If there is someone out there who needs some help, then we would have to have a look and see if there is some way to do that.

MR. BENNETT: One of the refrains I hear from your department, and maybe from yourself recently, is that we are so small and the market is so huge. If we are so small and the market is so huge, which I agree: Why are we not specializing in smaller communities with more speciality items? It is done in other places but we seem to want to deal with the big player, with the big amounts, and we just do not stack up.

MR. DALLEY: Based on my experience in Brussels, we are not big. We have 260,000 tons of seafood in a world supply of 150 million tons. We are small by every account, but we do have very good work going on in marketing. I think our companies have done a very good job, but we believe there is more value. Certainly in hearing from industry, working with industry, and the challenges, particularly for the smaller processors who do not necessarily have the expertise or the financial means to invest in the marketing, some of our larger companies have expertise in marketing and have a presence globally. I have certainly seen that in Brussels and compliment them on their efforts.

We are still small. Regardless of what we do, we are small. Our shrimp in particular is a significant product for the European markets. In terms of the smaller communities, are you talking about domestically or internationally?

MR. BENNETT: I meant, why are we not tackling our own domestic market with our own small seafood processors? Recently, and it has been ongoing, the government called for the MOU for a large marketing initiative and the big players do not need this and they do not want it. Barry has all they can deal with. OCI has all they can deal with. Quinlan has all they can deal with. They do not need the help and they do not want the smaller players to be their competitors.

In my view, they want to push down the small players.

The small processor was absolutely hammered in the cod moratorium. The small processor got nothing, whereas the plant workers were fine and the fishermen were fine. The big players did not need it, so they used that opportunity, or downturn, to push little players out of the market, and we still see it. There are, as you said yourself, seventy-two ground fish licences in the Province when I made inquiries about cod.

I am wondering, why are we not working with the small players? I think it needs an IBRD input, not just DFA. It does not seem to be happening. Yet we have all these funds allocated for Seafood Marketing and Support Services, but the smaller players in the small communities that we say we want to keep alive cannot access it.

MR. DALLEY: I am going to get Alastair just to comment on the marketing side.

MR. O'RIELLY: Thank you.

There is no constraint in terms of people seeking funding to do marketing initiatives of a small scale. Within the Department of Fisheries and Aquaculture, there are programs available that people can readily avail of with significant financial support; 60 per cent of the cost up to \$100,000, for instance, on an individual project. We really have not seen much demand from small processors to market locally.

We had worked with people at the Restaurant Association and with local chefs, and had done seafood promotions when there are events of one kind or another with small donations and so on to spur local demand. Most of the smaller processors are still producing products that are destined for export markets.

Just to go back to your comment on the sales consortia idea and the marketing council concept, the idea there was that some of the smaller firms would also find partnerships and alliances with the larger firms, market in a co-operative or collective fashion, and therefore get

the benefit of having larger, better economies to scale and so on. As you noted, and as the minister mentioned, we are still hoping that these things will move forward.

On your specific question, I think in small firms, we have fifteen companies in the Province that are licensed as retail establishments that do small-scale seafood production. They buy directly from harvesters and market and distribute their products throughout the Province. It is a limited market, a limited opportunity, and it appears as though the business interest to go beyond that has not been manifested yet, but I do not think it is due to an absence of programs or access to capital for doing those kinds of initiatives. It is that they really have not demonstrated much in the way of interest for that.

MR. BENNETT: Mr. O'Rielly, in direct contradiction to what you are saying, there is a small meat shop in Hawke's Bay that has been trying for the past year to get a licence to be able to pay from fishermen to be able to sell. He has been shut down cold and the response has been to go to a processor, buy your fish, and then bring it over.

I operate a tourist industry myself; we cannot buy fresh product to sell to tourists. You cannot get it. There is something in this Province which says you have to catch it all and make it EI eligible, or you have to catch it all for the big player. The people who could maximize the value, but in small quantities, are literally shut out of the market, and I am wondering, why is that? I see Seafood Marketing and Support Services, but the people who want to market seafood locally are not supported. I do not think you can direct me to a single company that is doing that right now and is supported.

MR. O'RIELLY: Yes, there is a restriction; you are right about that in terms of the number of retail licences. These were introduced in 1991 just prior to the moratorium. Then the following year there was a freeze placed on the number of retail licences and they still exist at the fifteen that were initially established. Those fifteen are authorized to buy directly and, of

course, all the others that are licensed as primary processors are also similarly authorized. There is a large number, as you might expect, of firms throughout the Province that market seafood products and either source from those fifteen or from the primary producers.

There are issues related to economic viability for small plants that contribute to that policy, and that has been the case in the past. There are also issues related to quality and seafood safety in terms of how the product is handled and distributed, but you are correct in as much as there are people who have raised the issue in the past about whether or not they should be able to buy directly. It is a debate that oscillates from time to time with respect to different buyers.

We have, for instance, retail shops in the Province, some of whom have said they really do not want the right to be able to buy direct; they want the comfort of going to primary processors and being confident that the product has been promptly processed through a CFIA plant. They can attest then to the safety of the product and to the quality thereof.

It is a public policy debate that oscillates back and forth as to whether or not harvesters should be selling directly to retailers. That policy has been in place now as it has been for some time. It is reviewed from time to time and it still holds.

MR. BENNETT: In contradiction to what you say about the food safety issue, if they have already been licensed by one arm of the Province to produce sausages, they have been licensed to cut beef, to cut pork, and to cut moose, yet they cannot take fish. They cannot buy fish and they cannot access it. It seems like the natural commodity of this Province, number one for tourists, should be fresh fish. It is the one product they cannot get. Yet, we say we have this much money for Seafood Marketing and Support Services, but we are not doing it for ourselves.

Fifty cents a pound for whatever the cod is or seventy cents a pound, whatever it is, and someone will pay \$3.50 or \$4.00 for fresh filets, or more, and cook them in their cabin when they

are here vacationing. I do not get that. I do not see it.

MR. DALLEY: As was alluded, it is a debate. It has been ongoing for some time in terms of public policy as to a number of issues related to that, whether it is capacity, quality, or whatever might be the case, and obviously varying opinions. I will say, as I have indicated in the House, we are currently looking at that policy as well. I know it has been raised in terms of the cod and to be able to sell on the wharf. We are currently looking at that as well.

At this point there is no decision on it. Your points are taken, but there is more to it than just allowing, like we saw in the 1990s, to throw out licences at will and to allow whoever to set up shop, because there are other issues related to that. As we are seeing, a number of well-established, longstanding processors with small-scale processing plants in this Province have closed, so the economic viability is an issue as well. Albeit there may be one small location, or two, that may benefit from this, ultimately we have to consider those, and we are. We are looking at them over the next few weeks.

It has been ongoing for some time to feed into the debate as to whether, as you propose, or in terms of being able to purchase cod in particular from a fisherman on the wharf. So far the policy would indicate that is not the direction that we have gone in.

MR. BENNETT: On another note, if we are really talking about maximizing the value for Newfoundland and Labrador through DFA, through our seafood marketing and support services – I can go to British Columbia and buy a licence, get on a boat with somebody, even a fourteen-foot aluminium boat and I can go deep-sea fishing for salmon. I can go to Florida or almost any other State on vacation, walk along and see what they are fishing, go to a bait shop and say what are they fishing for, buy a licence, and I can go fishing. We cannot do that here.

Do you see a day where DFA would ever collaborate with DFO so that people could do that? So the sports fishing person can say – you

can go to the river and catch trout, you can go to the river and catch salmon, you cannot go catch a tomcod or a conner.

MR. DALLEY: I am not sure what you are asking?

MR. BENNETT: Do you see a time when DFA will ever work with DFO so that we can actually get a licence to catch something in the ocean other than the food fishery, just for tourists?

MR. DALLEY: Just a couple of points to what you raised. Obviously it is a DFO decision around commercial harvesting. There are allocations; there are people who have significant investments who want to try to survive in this industry. With some of the resource challenges, it is not easy.

There is a whole side and discussion on the commercial side, the commercial harvester. On the other side if you historically look at us and maybe some of the other regions, we have minimum processing requirements in this Province. They are there for a reason that we believe in and firmly support them.

Historically, we have had processing plants where plant workers – we have over 9,000 plant workers right now who rely on that resource to come to the plant for processing. How far we stray from that and what direction we go in, in terms of maximum value for a resource, where do we achieve that? Do we achieve that on the processing side for the plant workers of which is important to so many of our rural communities?

All of that has been considered into the long-standing minimum processing requirements and the allocations with DFO. Will it down the road get to where you are suggesting that we should go in terms of providing whether it is a tourist an opportunity to come in and fish at will, or whether it is a Newfoundlander and Labradorian who can go out and fish at will? At this point, we are not there.

MR. BENNETT: Minister, I do not see how selling a licence to a kid who is staying at a B&B to go catch some smelts off the wharf,

which you cannot do or you will break the law – there is no commercial value whatsoever to the Province, yet there is a high commercial value to tourism to people to be able to do this, and we prevent it.

It is not a matter of impacting anybody's commercial fishery. If you read a State of Florida fishing licence, you are not allowed to catch blue fish, you are not allowed to catch this one, you can have three of these, two of these, four of whatever – whiting or whatever – and we do not do that. So we are missing a complete opportunity, a tourist experience that someone could just go and take their spinning rod and catch a few smelt.

MR. DALLEY: We certainly have a prominent tourism industry in the Province, there is no question. We do not get a lot of demand that I am aware of, and certainly when I was Minister of Tourism, of tourists who come here who want to fish. So in terms of the demand and the economic value of that, I would have to see some information on that. At this point, we are certainly not aware of the big demand.

Ultimately, I think the question you are asking me, in terms of the resource and availability, DFO has to make a decision on the allocation of those resources. They consult, obviously, with the industry and with the science and all of that information, but it is a commercial fishery that we focus on and support over 20,000 people in this Province.

Your question as to whether DFO will allow tourists to come in and fish in this Province, we would work with DFO and have discussions, but ultimately it is a DFO decision.

CHAIR: Mr. Bennett, I am going to go to Mr. Mitchelmore now; I gave you some extra time on that one.

Mr. Mitchelmore, under that section.

MR. MITCHELMORE: I wanted to ask some questions on 2.1.01, the Administration and Support Services, which had \$2.679 million allocated in staffing for 2012-2013, and that has

been now, in the Estimates this year, \$2,191,100. That is a significant drop of \$488,000 from last year. I am asking: Can the minister account for positions lost there?

MR. DALLEY: There were eleven positions taken out of that section. One position was filled, and the other ten were vacant.

MR. MITCHELMORE: These were regionally placed?

MR. DALLEY: Yes.

MR. MITCHELMORE: So, where were these positions located? Were there positions in Labrador, positions on the West Coast, or positions in Central?

MR. DALLEY: All over the place, actually.

MR. MITCHELMORE: Can we have a breakdown of where these positions were lost from?

MR. DALLEY: Sure, we can provide you with that.

MR. MITCHELMORE: Under Purchased Services in that same section, the budget accounted for \$261,600; you spent \$339,100. That is a fairly big increase of \$77,000 and a little bit. What did you buy?

MR. DALLEY: That significant increase there is due to office lease increases as well as under this section in terms of the department's fleet of vehicles. Repair, as well, was extensive this year. Between vehicle repairs and office lease increases would account for that increase.

MR. MITCHELMORE: How many vehicles does the department have?

MR. DALLEY: I am not sure. We will get the number for you.

MR. MITCHELMORE: In terms of your lease increase, what was the lease last year and what is it this year? What is the rate?

MR. DALLEY: I do not have that information, but we could probably provide that.

MR. MITCHELMORE: How long have you signed this new lease for?

MR. DALLEY: Do someone have some information on this?

MR. MITCHELMORE: Is it a five-year lease?

CHAIR: I think we are looking for – okay, the light is on. You can go ahead.

MR. ROBINSON: I am sorry. I did not hear the question. Could you ask again?

MR. MITCHELMORE: How long is the new lease contract?

MR. ROBINSON: Which lease, sorry?

MR. MITCHELMORE: The one the minister had referenced that had an increase. I guess it would be a lease to your building.

MR. ROBINSON: Yes, the increases in that category or the extra expenditures due to leases would have been increases in a number of areas. There are a number of offices across the Province that we have and, like leases everywhere, the cost of leasing has been increasing consistently year over year. As they come up for a lease, we typically see additional cost being required.

MR. MITCHELMORE: Do you go out and look to retender in some cases if the lease increases are high? You might get better value in some communities. You just renew the lease, I guess. You do not go through the tendering act?

MR. ROBINSON: Yes, we work with accommodation services within our government organization. They take care of leasing for us. They go through a process of tendering what is required in terms of accommodations and then working through the bids that we get to find the accommodations that we need.

MR. MITCHELMORE: I would like to have a list of all the government offices in your department and the lease arrangements you have, and some documentation showing you went through the Public Tender Act and that it was complied with, if that is possible.

In terms of revenue, you estimated you were going to get \$44,500 and you only received \$12,000. Why did you not get the amount of revenue you were looking at?

MR. DALLEY: The budgeted revenue and the difference; basically, we have a number of marine service centres, like the bait sheds and depots around the Province, and a number of these closed up this year. As a result, as well as less revenue, I guess that is what is showing.

MR. MITCHELMORE: Okay.

Your employees who work seasonally are under this category as well, in regional offices who would be on the wharfs when fishers are offloading and things like that, or do they fit in some other category for compliance?

MR. DALLEY: They are in this category.

MR. MITCHELMORE: Okay.

MR. DALLEY: The inspectors.

MR. MITCHELMORE: The inspectors, yes. There were a number of vacancies, so there are fewer inspectors now. The salaries have also been reduced. Are these people, who are inspectors, working less than what they were previously?

MR. DALLEY: No. The reduction of what we are seeing here in terms of inspectors, you have to consider, there was a time when we had a lot more plants in this Province. We are down to less than 100 operational plants right now. So, there are significantly fewer plants to inspect. As a result, in terms of consideration of that, we saw an opportunity where we could certainly reduce in terms of inspectors.

MR. MITCHELMORE: The length of time – these were seasonal employees previously. I am just wondering, what is their current status? Are they gone from nine months to six months or four months?

MR. DALLEY: It varies, depending on where in the Province, in terms of the volume of work and what is happening. There have been some changes in the amount of seasonal time but it varies throughout the department. It was not across the board.

MR. MITCHELMORE: Were just plants in consideration or was it looked at, the fishing activity of boats and vessels that would also be coming to wharf docking?

MR. DALLEY: No, it would be overall activity.

MR. MITCHELMORE: Okay.

MR. DALLEY: Yes.

MR. MITCHELMORE: I would like to move on to the Seafood Marketing and Support Services, which Mr. Bennett had talked about in detail. There was a lot of interesting commentary as to where we can potentially move forward on some small scale, and a number of good ideas.

I want to ask about the Salaries here seeing that they have dropped from last year in what was budgeted to \$260,900. That is basically the decrease in Salaries. How many positions were lost in the Seafood Marketing and Support Services and what were those positions?

MR. DALLEY: There were four positions lost, and we transferred a clerk position to the Innovation and Development Division.

MR. MITCHELMORE: What were the positions?

MR. DALLEY: The positions were: a Clerk Typist III, a Refrigeration Specialist, a Market Development Officer, and a Fishery Resource

Planning Supervisor. Three of the positions were vacant.

MR. MITCHELMORE: Okay. Who is actually left in this department to do the Seafood Marketing and Support Services? What are the current positions? Is there a director or manager?

MR. DALLEY: There are three development officers and one director –

MR. MITCHELMORE: Okay.

MR. DALLEY: - who obviously report to an ADM, as well.

MR. MITCHELMORE: Okay, great. You had explained the \$4 million in last year's budget. This year's budget is \$2.6 million as to what you have estimated in terms of Grants and Subsidies.

Can you provide us with a break down to our office as to what the subsidies were actually spent on last year, the \$450,000?

MR. DALLEY: What the \$450,000 was spent on?

MR. MITCHELMORE: Yes.

MR. DALLEY: Yes, we can provide you the break down. As I alluded to, it is mostly local promotion, supporting Hospitality Newfoundland and Labrador, supporting restaurants, promoting our products here at home in different venues and events that take place, as well as trade shows, some MSC certification, and traceability issues. We can provide you that.

MR. MITCHELMORE: The certification falls under the marketing piece as well, the MSC certification, or would that fall under another section, licensing, compliance, things like that?

MR. DALLEY: Somewhat here as well, because of the importance of the MSC certification with the marketing and the demand from the consumer and so on, but certainly as

well under FTNOP, Fisheries Technology and New Opportunities Program.

MR. MITCHELMORE: Okay.

MR. DALLEY: We have been able to fund some of the MSC initiatives out of that as well.

MR. MITCHELMORE: How do we rank? You said that we have 65 per cent, or nearly 65 per cent of our species MSC certified. How do we rank with the rest of other fishing jurisdictions when it comes to certification? Are we middle of the pack, bottom, near the top? It seems 65 per cent can be quite low right now.

MR. DALLEY: A couple of points I want to make on that. The actual number of sixty-five, I guess, from our perspective is probably low. In further analysis with the department in terms of what has been eco-certified and where we are heading in terms of initiative at the various stages of different products, we are closer to 80 per cent, 82 per cent. That is significant. It is quite positive. I would say it is certainly up there with many jurisdictions and leading many more.

I think the reality as well, and I certainly reference my trip to Brussels, the MSC label, the consumer, particularly in the European market, are very, very important. It is one of the first things they look at on their labels, on all their packaging actually. I went to the supermarkets and saw the packaging with the MSC labels on it, and talked to some of the customers, talked to some of the people working there. I think it just highlighted for us the importance of the MSC certification. We are moving in that direction.

Our crab was recently awarded MSC certification. I think we are number 200 in the world. Other countries, obviously, are fully engaged as well.

MR. MITCHELMORE: In terms of packaging, when that happens your department would assist industry. Is that the intent with marketing sales and seafood consortia, like some of the larger or smaller processors, to help them

package their product to have that certification label on it?

Would there be funds allocated around that or are you just trying to promote provincially that Newfoundland and Labrador snow crab is now MSC certified? Will be there ads or any type of promotion on the provincial government Web site or through the Association of Seafood Producers? What is actually going to happen?

MR. DALLEY: I think you will find everyone who is marketing their products – again, the market is driven by the industry – would use the MSC label as part of their marketing. Our support, I guess, is to support on the ground initial work that is required to get the MSC certification and the cost associated with that. From there, of course, obviously being able to promote our own industry as MSC certified in various aspects of our industry, but certainly be able to support companies out there that are promoting their own products and to be able to say it is MSC certified.

MR. MITCHELMORE: You said in the House of Assembly that the Department of Fisheries and Aquaculture offered \$11 million for a sales consortia and a new marketing council. This was money that offered but was never spent, correct?

MR. DALLEY: Correct.

MR. MITCHELMORE: What is the status of a sales consortia and a new marketing council? Is that going to move forward or is it just an axed decision because the industry does not really want it or a number of players in the industry (inaudible) –

MR. DALLEY: This all came out of the MOU process and extensive discussion in various areas of the MOU, of how we could enhance value and recognize the global competition that is out there for seafood products and looking at our limited resource and a number of other factors.

One of the things that came out was to maybe look at a new model. The Norwegian Seafood

Export Council has a very similar model, which we mirrored in the MOU to bring forward to industry. Through that, we allocated – there are a number of issues, I guess, in terms of the sales consortia that we would bring large- and small-scale processors together to be able to address some of the market challenges that they have and how we can enhance the value of our product.

Beyond that then, once the sales consortia was established, whether it be two, three or four, whatever was necessary in the Province, to look at a marketing council similar to the Norwegian model. I met with the head of the Norwegian Seafood Export Council when I was in Brussels and had a good conversation. They currently have funded about \$80 million which comes from a levy to industry, so industry actually pays this money to the marketing council.

In our case, what we have offered, not only did we offer funding to support the start-up of sales consortia that would lead into the marketing council, we offered to fund that over a three-year pilot period; and also added, to address one of the challenges with the industry, is the issue of inventory financing. So we offered \$80 million to support the inventory financing, recognizing that our role and initiative and support was to recognize these challenges and see how government could help get this off the ground.

Talking to the Norwegian people, their industry is totally funding that, so what we are seeing right now, that even with government funding, we are not able to get the industry to move in that direction. Sales consortia, there has been some discussion with them, there has been back and forth with some work on a proposal. We do not have the final proposal yet. We are hopeful that we are going to get that proposal, but at this point we do not.

CHAIR: Mr. Mitchelmore, I think I need to go back to Mr. Bennett there now.

MR. BENNETT: You mentioned the Norwegian Seafood Export Council, have you also looked at the model of the Alaska Seafood Market Institute?

MR. DALLEY: Yes, we did.

MR. BENNETT: We are subnational, and Norway is a nation. Alaska is subnational and also trades in NAFTA. Is there an application for us as a business model to be pursuing what the Alaskans are doing, not the part that they are shipping to China, but they are actually going right straight into the Continental USA markets?

MR. DALLEY: The Alaskan model: One of the things that probably stand out the most is in Alaska there are four processors; there are four companies.

MR. BENNETT: Right.

MR. DALLEY: There are four companies in crab, for example, and we have twenty-four. So, in terms of their model, understand it is 50 per cent industry-funded, 50 per cent government-funded; but in terms of the scale and looking at what we have in our Province and the model that could work, it was generally felt that the Norwegian model would probably be the best approach.

MR. BENNETT: What are we doing to maximize the benefit offer by being part of NAFTA?

MR. DALLEY: Go ahead, Alastair.

MR. O'RIELLY: Well, NAFTA, of course, has been in place for quite some time. There are no restrictions in terms of access to the US market. At the time it was implemented, it certainly benefited the groundfish sector back throughout the late 1980s and in the original agreement when the tariffs were removed from the sector. Right now, there is unfettered access to the US market.

What has happened over time, particularly in the last number of years, is there has been a huge amount of diversification in the industry. The American market was about 82 per cent of our total sales, and now it is down to in the high thirties. So, it is a dramatic reduction in sales to the US market, a significant increase in Asian

sales over that period of time, because the markets are actually more attractive.

I think the benefit, at the time, was significant; but, since then, the combination of increased demand in Asia and the adverse effects of the strengthening of the Canadian dollar have caused industry to move away from the US market to a very significant degree.

MR. BENNETT: Minister, some of the areas that we seem not to be pursuing within seafood marketing within Canada – Canada imports an awful lot of seafood, and Canada now is a very ethnically diverse nation, more so than this Province is. Many of these communities have speciality items. For example, the Caribbeans and south Europeans are really big into salt cod – bacalhau – and we seem not to be doing any of this stuff. If you can find it in an Ontario store, it will cost you, for sure, more than steak.

So, I do not see us doing that. Are we doing that, or is there a possibility for some small players to do that, to access the Canadian market?

MR. DALLEY: I would suspect there is always opportunity for domestic sales. We are largely an export nation in terms of value as well. There is every opportunity for our marketing companies, our processing companies to focus on domestic sales and domestic markets.

Our programs are there to try to support promotion. We do promote locally. We promote at the trade shows in terms of enhancing the products of Newfoundland and Labrador. There is every opportunity for our companies to market domestically as well.

MR. BENNETT: Our companies, the big players, have no interest in doing that. They can ship to a low wage jurisdiction and a low environmental concern, a low environmental regulation jurisdiction like China and have it reshipped back here. Then Canadians import salt cod and pay top dollar for it. How is it that it can be sent out and come back for less money and presumably a good quality and we are not accessing that market ourselves?

MR. DALLEY: I think some of our smaller shops are probably accessing some of that market, like in Alberta, Fort McMurray and places like that. I have heard of some accessing those markets, so the opportunity is there.

It has to be a business decision, these people are privately owned and there are private investments. They are looking for every opportunity to market their product to maximize the value. If they see that there is an opportunity to market – I know some of the mussel growers are very active in trying to market our mussel products in the Province. They are recognizing the opportunity for domestic markets and US markets. Obviously they are aggressive looking to see what they can do. We have seen some improvements in the mussel industry as a result.

MR. BENNETT: Does DFA provide any sort of supports, or would you contemplate providing supports for our small players to sell, say, to fish shops in Toronto's Chinatown. There are all kinds of fish from all over the world, but I do not see any from here.

MR. DALLEY: A specific program, maybe not. There are opportunities in our grants and subsidies program where if there are new opportunities, whether it is through FTNOP or other programs, if someone has a proposal they can certainly send it in to us and see where we can support them. Our goal is to maximize the value of our fishery. If that enables our small processors to hire more people to get more value, then obviously we will try to find a way to support them.

MR. BENNETT: Minister, at an announcement we were both at just a few weeks ago, a prominent fisheries research commentator, Bob Verge, said we are missing around a half billion dollars in not utilizing our fish waste. I do not know if you agree with that number or not, but he seems to be as well informed as most people. What is DFA doing to identify opportunities for marketing and support services for what we throw away?

MR. DALLEY: There have been a number of interests, I guess, in terms of our waste products,

particularly from the Asian community, and how something can be developed to enhance the value of the process. We have had some discussions and will continue to have some discussions around opportunities to maximize the value of our waste.

It is not government's role or the department's role to go out and market for companies. Companies do that. We support them with initiatives and programs. Anyone who comes forward with some business ideas, I would also suggest that they be talking with Innovation, Business and Rural Development as well around business development ideas. That would come more from the business side, more with the IBRD department.

In terms of whether it is the technology or the opportunities that we might be able to support or some of the research that we may be able to support around these kinds of initiatives, we have some programs available to be able to support industry. In this particular case, what you are referencing, to look at the waste and how we can maximize the value of the resource.

MR. BENNETT: Mr. Chair, I do not have any more marketing-related questions.

CHAIR: Okay. If you want to go on to the other program, you still have nearly eight minutes left in your time.

MR. BENNETT: Minister, under Licensing and Quality Assurance, what exactly does DFA do?

MR. DALLEY: The development and implementation of policies and regulation that is related to fish buyers and processing licences, the administration of the licensing system and the data base, provide administrative support and remuneration for the Fish Processing Licensing Board, and certainly the maintenance and delivery of the Quality Assurance Program.

MR. BENNETT: Does this section, Licensing and Quality Assurance, also deal with aquaculture or just the wild fishery?

MR. DALLEY: Just the wild fishery.

MR. BENNETT: The next category down, Compliance and Enforcement, is that just the wild fishery?

MR. DALLEY: It is mostly wild fishery, but there is some aquaculture inspection as well.

MR. BENNETT: So, Compliance and Enforcement, there are some aquaculture inspections under that category?

MR. DALLEY: Yes.

MR. BENNETT: The Auditor General reported to the Speaker, reported to the House on April 24, two weeks ago, an update of the Auditor General's report of 2008. It says, page 21 of the report that was provided to the House a couple of weeks ago, that under Aquaculture Inspections, of the eleven that were noted, six were fully implemented, four were partially implemented, and one was not implemented at all.

Can you tell us what is not implemented five years after the Auditor General said it should be implemented?

MR. DALLEY: I do not have the item, so I cannot know what specific item it was.

MR. BENNETT: I made a few extra copies, if that helps you.

To your knowledge, are there any areas of aquaculture inspection that were not done?

MR. DALLEY: Not to my knowledge. That is not to say it is not done, but not to my knowledge.

MR. BENNETT: The Auditor General report specifies differently from 2008. I am really interested to know. We have a budget here to do this type of inspection, yet five years after the fact the AG says it is not done. What are we doing with the budget if we are not doing it, or are we just ignoring the AG? What are we doing with it?

MR. DALLEY: Well, I think you indicated that six were already in place and four are ongoing, so there is only item that is outstanding. If I knew what that item was, we may be able to provide some commentary. We just do not have it in front of us today.

MR. BENNETT: Okay.

What types of inspections would these be? What is being inspected?

MR. DALLEY: Maybe if I could ask Dr. Whelan.

DR. WHELAN: The site inspections that happen come from the inspection officers. There are actually two that are allocated to that service. They go down to all the marine cage sites that are there. They have a set number scheduled to visit. They go through, they check out where they are located, they check out the hectareage that is used, they look at the activities that are ongoing on those sites, and they conduct a section report for each of those.

As I said earlier, I am not sure what the one out of the eleven was. If we get that, we can answer that later.

MR. BENNETT: Okay.

Now, the Auditor General also said the department should "...develop a code of practice for the aquaculture of shellfish" five years ago and it was not implemented. Can you tell me if there is any intention to implement a code of practice for aquaculture of shell fish?

DR. WHELAN: The two things you should keep in mind, and it was explained to the Auditor at that point, was that codes of practice come from industry themselves, so they generate those. When you talk about other things that are legislative or regulatory in an environment, they change. There was no code of practice developed within that time from the industry, but within some of the management plans we are discussing, those issues that would be under a code of practice are actually enveloped in there.

MR. BENNETT: Now, the Auditor General also said the department should "...update Department policy to assist inspectors in determining whether deficiencies or hazards exist at aquaculture sites." This was not implemented.

DR. WHELAN: Is that the one out of eleven?

MR. BENNETT: I am not certain. It simply says not implemented. "Details of Recommendations, by Year, contained in our 2007 through 2010 Annual Reports", not implemented.

MR. DALLEY: Would that be one of the eleven?

MR. BENNETT: I cannot tell you because this goes on and on.

MR. DALLEY: You referenced there were six that were implemented, four are ongoing, and one is not. Is that one of the ones that are ongoing and we are not there yet, or is that one of the ones that are -?

MR. BENNETT: You are the minister. I cannot answer for your department.

MR. DALLEY: I am the minister, but you are asking the question. I just wonder if you could clarify it, please.

MR. BENNETT: The Auditor General says under Fisheries and Aquaculture, Aquaculture Development, and this was going back to the Auditor General's report in 2008, but is an update to two weeks ago. Up to April 24, 2013, this was not done. He said, "The Department should update Department policy to assist inspectors in determining whether deficiencies or hazards exist at aquaculture sites."

Do you disagree? Do you not agree? Why is it not done?

MR. DALLEY: I will get Dr. Whelan to discuss the amount of work that is being done around hazards, concerns around biosecurity initiatives, and so on in aquaculture.

DR. WHELAN: When you discuss hazards, they are usually talking about navigational and marine hazards that are going around those sites. What happens when the inspectors go out there is they do a site-by-site inspection. They understand all the navigation gear and they look for practices that are occurring there. When those occur, there are also health inspections that are done on each of those sites during the run of a year, so I am not sure what the hazards that would not be addressed are exactly being discussed there. The marine hazards that you are talking about are things that if you had ropes that are loose, if you had some moorings that are actually not in the right place, all those deficiencies have to be corrected.

MR. BENNETT: Actually, you said marine hazards; I did not.

DR. WHELAN: Okay.

MR. BENNETT: It did not say marine hazards.

DR. WHELAN: Okay.

MR. BENNETT: It says the department should "update Department policy to assist inspectors in determining whether deficiencies or hazards exist at aquaculture sites." It is a policy directive to determine if there are deficiencies or hazards. Up to two weeks ago, it was not implemented.

DR. WHELAN: I would have to look at it specifically, but in general terms that is exactly the duties of those inspectors when they go to those sites.

CHAIR: Mr. Bennett, I can give you another minutes and then I need to go to Mr. Mitchelmore to stay within the time frame.

MR. BENNETT: Sure.

He also said the department should "continue with its efforts to develop and implement a new Inspections, Licensing and Registration System". Up to two weeks ago that was not done.

MR. DALLEY: Yes, that is ongoing. That piece of work is ongoing. We are hoping to get there soon. We have accepted that recommendation and have been working on it. We may look at the whole licensing scheme across government, not only aquaculture but wild fishery as well.

MR. BENNETT: Minister, can you advise how many abandoned unlicensed sites there are right now?

MR. DALLEY: Abandoned unlicensed sites?

MR. BENNETT: Yes. Does thirty-five or forty sound right?

MR. DALLEY: We do have some, but I do not have the number. We can certainly get the number for you.

MR. BENNETT: Is there any plan for them? Will the department go and take them out or order somebody to do it?

MR. DALLEY: We are working with industry on it – go ahead.

MR. O'RIELLY: I can comment on that in the sense that a couple of years back we allocated some monies for the cleanup of some of those sites, and evaluated different methods and so on of doing it. We engaged industry to participate in that.

The challenge was and is how to reach back and deal with the company or the individual who was involved. In all the cases I am familiar with they have long since given up the business and had not properly cleaned up the site before they left it. There was no particular mechanism to hold them to account for doing that.

As a result, we have introduced a new requirement of the industry where they will now be required to put in place an insurance scheme or a bonding regime to cover off those eventualities going forward. Then the other issue is that over time hopefully there can be sufficient resources found from time to time to

clean up any of the sites that have not yet been addressed.

MR. BENNETT: When an operator leaves, goes bankrupt, or whatever and does not clean up, does the department consider it the department's responsibility to clean it up?

MR. O'RIELLY: Going forward, that is the point in terms of ensuring that the industry is accountable for that. The regime that will be put in place will likely be a collective one that the industry can cost share among themselves with respect to, as I said, bonding or insurance to cover off those costs.

It will be an industry responsibility going forward. The ones that are at play here, I am almost certain that they are all mussel sites, very small operations, and what happened is that the gear was left in the water and not properly disposed of.

MR. BENNETT: Does DFO also play a role in this?

MR. O'RIELLY: Only inasmuch as if there is a hazard of some kind associated with it. The placement is that they have not participated financially in cleanup, no.

CHAIR: Mr. Bennett, we will go to Mr. Mitchelmore.

I want to note, too, we are getting close to time and I know a number of the Committee members have to leave at 12:00 p.m. I do not know if it will allow with the Estimates time frame to have a reconvening. I ask if there is a pertinent question that you get to it, please.

MR. MITCHELMORE: The section 02, Revenue – Provincial, under Seafood Marketing and Support Services, \$45,000, would you please explain that?

MR. DALLEY: Sorry, which section?

MR. MITCHELMORE: That is under Seafood Marketing and Support Services, 2.2.01. That is the second last line on the page.

MR. DALLEY: Heading 2.2.01?

MR. MITCHELMORE: Heading 2.2.01, 02, after Amount to be Voted, Revenue – Provincial, \$45,000.

MR. DALLEY: That is a new subhead. We are going to charge back some of the fees associated with industry taking part in trade shows. So that is where that is anticipated to come from.

MITCHELMORE: Okay.

The last opportunity I had to question, we were talking about industry and marketing. I guess the botched sales consortia of \$11 million that did not transpire I question, because it is my understanding that we had a strong marketing arm for seafood under FPI that a number of the industry players wanted, but it seemed that it was weighted towards the large players that did not want to maintain that arm and we lost the marketing arm. That is correct, right?

MR. DALLEY: Yes, government at the time, I think it was 2006, and again looking at support for the marketing side of a provincial marketing arm offered I think it was somewhere around \$100 million to purchase the marketing side of FPI, but it was rejected.

MR. MITCHELMORE: Would that not be looked at as a mistake basically now as to where we are in terms of our marketing?

MR. DALLEY: Well, it is my understanding that that marketing arm is doing very well financially and it has been very successful since. Yet, we continue to believe that there is better ways we can market it. I guess as a result from 2006 on in through the MOU process, it was later then recognized that maybe there is more value to be gained, maybe the challenges in the market could be best served both by the large and small players if we united and looked at some form of marketing conjointly.

It evolved from 2006, when it was rejected, to some good ideas were put forward, but the funding was put in place again along with the

inventory financing. Again, it has been a very slow uptake.

MR. MITCHELMORE: That arm is not generating the Province or the industry players right now any type of revenue?

MR. DALLEY: It would have.

MR. MITCHELMORE: It would have, yes, but it is not now.

MR. DALLEY: Yes, if it would have been successful at the time. I think that is why the government of the day looked at that as an opportunity and maybe to address some challenges.

Having said that, I think we need to be mindful and certainly respectful of tradition in this Province. We have a lot of processors, a lot of players in this Province who have had success, seem to be able to get investments, have expertise, and even some of the smaller players have done okay as well. It would be a significant shift and I guess whether they weigh out the risks. I think we had to be respectful that ultimately industry does have to make that decision.

MR. MITCHELMORE: The department itself is not going to take on an initiative to do any type of generic marketing of our seafood product in Newfoundland and Labrador?

MR. DALLEY: No, we are not going to nationalize marketing.

MR. MITCHELMORE: Okay.

You have said that you offered \$80 million to help with inventory financing. Has there been uptake beyond the seal loan to Carino?

MR. DALLEY: No, and that was tied to the sales consortia and the marketing council to get us to that stage. That is primarily what was happening.

We heard every year in terms of our crab, for example, or shrimp, because of the cost and the

cash flow issues and so on with a lot of our processors having to move their product quickly out into the markets. What would happen then is we would see a downward price pressure. To help alleviate some of that, to spread it out over a longer period of time and maybe even look at not only the harvesting but as well in terms of processing over longer periods of time, and to avoid adding to the downward price pressures in the markets. That is generally what it was all about.

MR. MITCHELMORE: It certainly seemed like it would have been a progressive policy if it could have been implemented because you are not glutting the market, basically, in a very short time frame. You can finance over a period of time and do the processing. There should be higher value for everyone overall, all the stakeholders, with that type of initiative.

It boggles my mind as to how this is not actually working. We are continuing to see low value, low return for product to our harvesters.

MR. DALLEY: We see it as being progressive. In the fishery there are a number of ways, and we all have certain roles to play. Our role as government is to try and support, particularly financially as well, but support these kinds of initiatives. We did it in 2006. We came out of the MOU and we supported it as well. We believe it to be very progressive and supportive of an industry, but we are not there yet.

MR. MITCHELMORE: When it comes to biomass – because shrimp shells, for example, on the Northern Peninsula are being dumped. Some are being dumped at sea; some are being dumped on landfill sites. There is an immense amount of trees that are growing up where these shells are being dumped.

The catalyst in shells of shrimp has a high regeneration factor when it comes to looking at things like biodiesel, when it comes to other product development. I believe in Twillingate there was a plant that was under an Asian owner who was looking at processing shrimp shells, dry freezing them and sending them off. They

came into some problems when it came to the health of the individual.

I believe there are other Asian investors who are very interested in pursuing these types of investments. Why is there no momentum in even looking at doing that in the Province? Is there not an ability to work with IBRD in terms of cross-promoting this potential that can create jobs here in Newfoundland and Labrador?

MR. DALLEY: This notion of drying shrimp shells, as well as drying crab shells, has been around for some time. A number of years ago some of our companies did extensive research in the area in terms of markets, but as well, in terms of production. I think what the feedback has been is that, in terms of efficiencies and economies to scale and so on, is that it just was not feasible. It is just not viable.

However, I could speak specifically to the operation in Twillingate, some new technology and new efficiencies. There were some other challenges in terms of the operations of that facility, but I understand there may be new owners, new interests, significant Asian interest, particularly around the whole area of nutraceuticals and glucosamine. It is a by-product. It is a very healthy and rich by-product that is in demand. It still presents a lot of challenges in terms of transportation costs alone.

It has been explored extensively in the past. There is still some optimism, I believe, for the operations in Twillingate. At the same time, if there are people out there who have business ideas, I strongly suggest they bring them forward to Innovation, Business and Rural Development. Through that process, obviously, we would have input as well in terms of what is available out there.

MR. MITCHELMORE: I think the biomass exists on the Great Northern Peninsula, given there are four shrimp plants in close vicinity where they could actually make a very viable operation.

Moving forward, I would like to ask about the Licensing and Quality Assurance piece. You are

anticipating there is going to be \$450,000 in revenue. That is primarily driven by your licence fee increases this year, which in some cases went up 400 per cent or 500 per cent in terms of actually increasing licences. You have less actual processors and fish buyers who require licences now.

How are you planning on making this amount of revenue work? Was this costed with the current players to be able to give up the revenue of \$450,000?

MR. DALLEY: There are a couple of things, I guess, on the fee increases, both in aquaculture and the wild fish side. Aquaculture saw increases on the finfish go from \$100 per site to \$500. The shell side saw it go from \$100 to \$250. In looking at that, in terms of cost recovery for the whole licensing process, I think we have reached 12 per cent, 20 per cent.

OFFICIAL: Twelve.

MR. DALLEY: We have moved from 3 per cent to 12 per cent in cost recovery of the whole licensing regime. Relative to our neighbours in the other Atlantic Provinces, particularly Nova Scotia and New Brunswick, the fees are less in some areas, more in others, but overall the fees that are associated, outside of specific to the licensing fee, are much more extensive in the other provinces; hence, the reason for the increase there.

On the wild fish side, we have somewhere around 100 active plants. When we look at our fee structure, how we can get more recovery for the whole cost of licensing, we moved up to about 29 per cent cost recovery. These fees were in place – historically, they were there for a long time, and a few years back we reduced the fees to help engage the start-up of the crab fishery –

OFFICIAL: Shrimp.

MR. DALLEY: - of the shrimp fishery. At this time, we have done a review and looked at where our fees were and the cost of the whole licensing management system and how we could

move towards a little more cost recovery, it was certainly nowhere near what it cost the department.

MR. MITCHELMORE: Minister, just in this section when you are talking about cost recovery, this is the only section in the Estimates that is actually going to turn a profit. It is going to do more than cover the cost of the Salaries, Employee Benefits, Transportation and Communications, Supplies, Professional Services, Purchased Services, and Property, Furnishings and Equipment. When it comes to Licensing and Quality Assurance, it is going to profit \$18,600 based on the current Estimates, whereas last year it cost \$384,500.

What I am asking is: Would your department provide us with a list of processors and buyers who are going to be paying these licenses to account for the \$450,000? It would have had to have been costed based on admin fees.

MR. DALLEY: The cost of compliance, enforcement and inspection is not showing here.

MR. MITCHELMORE: Okay.

MR. DALLEY: That is not showing up right here, hence the difference in the number. It is administered here but the actual cost with the inspection process and inspectors themselves shows up in a different item.

MR. MITCHELMORE: Yes.

Can I have a list of the processors and buyers, and what they would be paying in fees to show that it is going to come up to \$450,000 in revenue, is what I am asking.

MR. DALLEY: It is probably best if we provide you with the fee schedule. Then you can see whatever the amount was paid last year and what has to be paid this year, regardless, is based on the type of processor and what type of work you are doing, if you are crab or shrimp, or if you have a shrimp licence, based on the specific licence per species. We can provide you with the fee schedule.

MR. MITCHELMORE: Okay.

In terms of your compliance and enforcement here, the work done by these individuals, how often do they actually go to a fish processing facility to do an audit on the site?

MR. DALLEY: It varies. They try to do it a couple of times a year, but it depends on the work plan and what the issues are, and there may be some follow up, it might be more extensive in some areas than others, it depends on the type of work being done, it depends how busy the plants are, depends on their operational times. So there are a number of factors that would enter into that.

MR. MITCHELMORE: How many compliance and enforcement staff do you have, and are they regionally located?

MR. DALLEY: There are six involved in the compliance enforcement, and they are in the St. John's office.

MR. MITCHELMORE: Okay.

The CFIA plays a role in assessing quality of the fish as well. Do our compliance and enforcement officers also look at standards when it comes to the property that is being done, so that they are in – I am just asking that we do not want to see the taxpayer on the hook for another fish plant cleanup, like in Englee. So, are compliance and enforcement officers pressing to say, well, you need to do the repairs or we are going to withhold your licence? Are there any types of stipulations where government adds a bit of pressure to the processors to comply with minimum standards to their facilities?

MR. DALLEY: It is joint jurisdiction, for lack of a better term. The CFIA, obviously, are involved inside the plants, and the process inside the plants, as well as the quality of the food that is produced. As well, our inspectors, certainly outside, in terms of the catch and the process when they get to the wharf and how it is handled, we are responsible for all that.

I think between both inspectors if there are some issues within the plants that are structural issues – I mean, they are not engineers, they are inspectors, but if there is something there that may have some negative implication in terms of whether it is quality or process, then I am sure it is highlighted by our inspectors.

CHAIR: Mr. Mitchelmore, I will give you another minute, and then I need to go back to Mr. Bennett.

MR. MITCHELMORE: Based on my calculation, I should have a few more minutes compared to what Mr. Bennett had previously.

CHAIR: You are up to nineteen minutes now. Mr. Bennett had twenty-one, so you do have the extra two minutes.

MR. MITCHELMORE: Subhead 2.2.05, Seal Product Inventory Financing, there was a loan given to Carino last year. It looks like \$197,800 is unpaid. Is that being collected?

As well, there was another loan given this year in terms of inventory financing, but there is no reference to it in the Estimates under this section. Where is the money coming from, basically?

MR. DALLEY: First off, the loan that was provided last year, an inventory loan of \$3.6 million, they only used up \$2 million of that. There was \$250,000 that was held back to see if there were going to be any more seals harvested off Labrador. That did not transpire, so the actual loan was \$2 million and they actually paid back in full \$2,052,200. So they fully repaid their loan with interest. The other \$250,000 was not loaned out, but it was budgeted for.

This year, given the timing of the request and where we were, through savings through this year's budget, or the previous year's budget, I guess, pre-April 31, the request came in and we were able to approve the \$3.6 million in financing in last year's budget.

MR. MITCHELMORE: So that number should actually be much higher in last year's

budget than what is showing, but because of the publication being produced –

MR. DALLEY: You are absolutely correct. Essentially, it would be \$5.6 million out of last year, but because we could do it with savings, we put it in place pre-April 31.

MR. MITCHELMORE: Can I have a list of the grants and subsidies for 2.2.04, Fisheries Innovation and Development?

MR. DALLEY: Sure.

MR. MITCHELMORE: I anticipate this is the Fisheries Technology and New Opportunities Program?

MR. DALLEY: Subhead 2.2.04?

MR. MITCHELMORE: That is the section before the seal financing. I skipped ahead because I wanted that question answered in my time.

MR. DALLEY: Sorry, 2.2.04?

MR. MITCHELMORE: Yes, 2.2.04, Grants and Subsidies; can we have a list of what these funds were allocated for and is this Fisheries Technology and New Opportunities programming?

MR. DALLEY: Yes, we can provide you with that list.

MR. MITCHELMORE: Okay.

CHAIR: Thank you, Mr. Mitchelmore.

Mr. Bennett.

MR. BENNETT: Minister, you mentioned in response to some of the marketing questions that the government offered to assist to acquire the FPI marketing arm. You said government decided not to nationalize FPI. I think that was your choice of words.

MR. DALLEY: No, I think the question was whether we would take on the business of marketing Newfoundland sea products.

MR. BENNETT: Okay.

MR. DALLEY: We said no – that is not our role to take on, for government to be the marketing arm. I see our role as certainly to be supportive of the marketing efforts and to provide whatever support we can financially or otherwise, but certainly not to be the marketing agent.

MR. BENNETT: FPI had what is reputed to be best marketing arm or marketing division, at least in North America. Mr. O’Rielly would probably know; he knows all the fish stats.

MR. DALLEY: FPI ran the marketing, not government.

MR. BENNETT: I understand that. FPI was actually created by government; I believe by the Peckford government. I am wondering why government would not have reverted to that position. Because other governments have done that to protect the interest – we have 20,000 people in the fishery.

MR. DALLEY: Government has done that. Through the initiative, out of the MOU, government has provided an opportunity to set up such a marketing arm to be run by industry, piloted and provided \$80 million in financing, \$11 million for start-up. In terms of trying to provide government support to get to a large marketing arm to market the Newfoundland and Labrador sea products, government has certainly fulfilled that role, and, as was alluded to earlier, been very proactive in trying to support industry to reach that initiative.

MR. BENNETT: I think you said that government had offered as much as \$110 million for the FPI marketing arm, but industry did not want it?

MR. DALLEY: My comments earlier were, I think back in 2006, the opportunity came to purchase the marketing arm of FPI, and I think it

was valued somewhere around \$100 million. Our government at that time was prepared to certainly consider and work with industry to purchase the marketing arm.

MR. BENNETT: Mr. Minister, in 2006, FPI only had 15 million shares and they were trading at \$6 a piece, that was \$90 million for the whole company. Even when it was broken up it went for no more than twelve, so how can it be that government was interested in the marketing arm for \$100 million, wouldn't it mean the rest of the company would be thrown in for nothing?

MR. O'RIELLY: You are right about the evaluation back then in terms of the share values of Fishery Products. It was barely traded at the time. The company had a fairly –

MR. BENNETT: It was closely held, though, by a handful of entities, a couple of pension funds and a couple of big players, and they cannibalized it, basically.

MR. O'RIELLY: Well, I do not know if that would be a fair characterization. The issue for them was that there was a very modest level of profitability for a protracted period of time.

When the takeover occurred in May of 2001, the new board of directors and the shareholders made a number of attempts to either consolidate the company with other companies or to break up the company. One of the initiatives was to take the marketing arm, which was referred to as Ocean Cuisine International, another OCI, but at the time was to list that as an offering.

The estimated value I think they were going to list on the market for was probably something north of \$100 million. Notionally, that is all it was; it would be in that order of magnitude. Representations made to the industry by then Premier Williams was if the industry is interested in moving in this direction, the Province would certainly be interested in considering the financing of it. There was no take-up on that.

MR. BENNETT: Minister, with respect to inspections, I am more concerned with

aquaculture inspections and inspections not done. One of your staff indicated how they follow the inspection route, what happens. Does this Province inspect for the types of products, chemicals, additives, or whatever is being used in the ocean with respect to finfish aquaculture?

MR. DALLEY: I will get Dr. Whelan to explain to you in terms of how we inspect, and more importantly how we monitor and manage the use of any of the therapeutants in our ocean.

DR. WHELAN: Can you clarify which substances you are talking about?

MR. BENNETT: That is what I am asking, actually. Can you clarify which substances are used?

DR. WHELAN: Within aquaculture production, if you are just talking about feed itself, there is aquaculture feed that is introduced daily. That goes through a strict regulatory regime through the federal government. There is no real added incorporation of anything else. We hear lots of reports about antibiotics, hormones, and other elements that make it something else, but really the feed is just regular feed. That is one input.

At the time, if you are talking about other inputs, if there is a medical issue and there is supposed to be a treatment, then that can be an in-feed treatment. That is done through a federally regulated process at a feed mill. It is incorporated at a certain rate, it is done by prescription, and then that goes through. The regulatory oversight of that is from CFI, Health Canada, and the Veterinary Drugs Directorate, as well as our Province because there would be people who would be issuing prescriptions to do so.

When you are talking about if it is a therapeutant that is used as a bath treatment or into the marine environment, that comes out of the regulatory purview of the Pest Management Regulatory Agency in Health Canada. Then it is an oversight that happens; it will actually be through our members of the Health Division. We know what prescriptions are for each therapeutant that would be used. Either it is

incorporated within feed or it is incorporated into the marine environment. At that point, then, we know the exact dosage that is used for each of those treatments.

MR. BENNETT: So, are you saying that we will always know what one of the operators is using?

DR. WHELAN: Yes.

MR. BENNETT: So, do we sample everything that they use?

DR. WHELAN: I am not sure why we would sample. We know what is there, we know what is used, and we know the dosage that is actually utilized.

MR. BENNETT: Are you content that they are always forthcoming with what they are using?

DR. WHELAN: I have had that question before, and I guess the easiest answer to say is that I am because there are certain reasons why they would do that; but there is also a secondary reason for why I have some comfort. We actually go out and we know what treatment should occur and what the expected result should be. So we monitor both of those. If the result is that it was not effective, we know that; if the result was that there was an effect, something happened on a site without treatment, we would also know that as well. We would understand that there is a follow-up required.

You asked about monitoring. At that stage, we would simply monitor for the therapeutants that were asked. So we either check in feed, in fish, or in the marine environment, and we do an analysis of that.

MR. BENNETT: You are probably aware that a week Friday past Cooke Aquaculture pleaded guilty to some environmental charges and agreed to pay \$500,000 for putting an agricultural pesticide in the water for lice in New Brunswick. How do we know they are not doing it here?

DR. WHELAN: It is a great one, and I am glad you asked that question, because it is an easier one to answer. With that therapeutant, if that was used in that regard – because that is a licensed therapeutant in the United States. They use it for the same purpose in the United States. In Canada, it is only licensed for agricultural use. If that was used in a region, there would be a drop in the amount of the parasite that is there, and it is quite noticeable. Besides the fact, we are out there on the sites every thirty days, as well. So there is not an opportunity for a drop or an increase to occur without us being aware of it.

At the same time, when we are aware of the therapeutants that are used, we do a monitoring program to go through. We know that at the time, during all that period, there was no tissue residue in any of our fish in those operations in Newfoundland.

MR. BENNETT: When you say during that period, what period do you mean?

DR. WHELAN: The ones you are talking about for Cooke Aquaculture; the charges were for the 2009-2010 season.

MR. BENNETT: Yes.

DR. WHELAN: For that period of time we did the monitoring to ensure that product did not occur in marine waters in Newfoundland.

MR. BENNETT: So what I am saying is, if they have admitted now and they pleaded guilty to criminal behaviour dealing with their aquaculture in New Brunswick waters to the tune of \$500,000 in fines and other penalties, how do we know what they are doing here?

DR. WHELAN: Because we actually are involved with the process of doing the treatments and doing the monitoring. As I said before, we are aware that if there is a change in the level of a parasite, a pathogen, or other agent, we are actually aware if it increases or decreases, so we are intimately involved with each of those. So we would notice whether there was a die-off that occurred of a parasite;

we would know that those things happen. At the same time, we go out and we actually have a regular monitoring of the prescriptions that are done.

With that particular case, it is a biological and mechanical issue. You actually would know that within that region it dropped. If there was no treatment to actually say that could occur that way, you would realize then there was a prescription outside of that.

Do I anticipate that those companies would at any time to do something for that reason? No, not in the environment that we have; there is a lot of oversight that occurs here. Besides the fact, we know intimately each of the sites we are involved with.

MR. BENNETT: Do we know everything that they are using?

DR. WHELAN: We know of any product that could be utilized, whether it is agriculture or aquaculture. We know every product that could be utilized within the jurisdictions in the Atlantic Provinces.

MR. BENNETT: Do we inspect for the numbers of fish that may have escaped or died? Do they count them?

DR. WHELAN: I am not sure what that means.

MR. BENNETT: If they put in 500,000 and they sell 300,000, what happened to the other 200,000? Were they 'morts'? Did tuna get into the net and eat them? Did some seals get into the net and eat them? Did they die?

DR. WHELAN: There are a variety of reasons why your inventory reconciliation – I think that is what you are asking – would be not exactly 300,000, at the end of the day it is 300,000. There are a lot of reasons for that. It has to do with the inventory input, the output, and mortalities that occur. You get some mortality when animals just go out into a marine cage site for the very first time. There is a level of mortality that happens there. That level of mortality does not really attribute to any of the

therapeutants that you are talking about. The therapeutants are not causing the mortality of the animals.

MR. BENNETT: I understand, but what I am getting at is how do we know if some escaped if they did not escape? Do you count them going in and count them coming out? Do your inspectors do an accounting function?

DR. WHELAN: There is an accounting function that happens with the animals that come in and there is inventory reconciliation at the harvest point to understand what numbers were at the end. It is all utilized with a map, plus within our code of containment, so the numbers are encountered there.

CHAIR: Mr. Bennett, I can give you another minute because I want to split the last twenty minutes back and forth to be fair, so another minute (inaudible).

MR. BENNETT: Okay.

Included in last year's Budget, what, if any, amount did this Province pay for infectious salmon anemia outbreaks?

MR. DALLEY: I think the cost was around \$475,000. That was primarily for on-site work over time, these kinds of things were, need I say; about \$475,000.

MR. BENNETT: Was that charged back to the operator?

MR. DALLEY: No, not to my knowledge.

MR. BENNETT: Where does it show up here, because I do not see it showing up here? Is there an estimate based on staff time, staff resources, or what is it?

DR. WHELAN: Each allocation is actually through each of the columns, subheadings of Aquatic Animal Health and Aquaculture development at the time. Within those years, those were encumbered within that time period. In 2012-2013, there were services, everything from a range of travel that was encountered, and

as the minister said, overtime and the business of purchased services using laboratories.

MR. BENNETT: Have we budgeted an amount for this year?

DR. WHELAN: When it comes to health – I guess it should be appreciated, and I think you would – is that within aquatic animal health, terrestrial health or medicine, you have the amount you encumber within the services that you provide for a year. It would be difficult to create funding for a search capacity that may or may never exist and to what extent it may exist.

If you look at the numbers that we have, actually, what we paid for the ISA events, there were two, was all encumbered within the budgets of the day. There was no increase or anything requested for those.

MR. BENNETT: Okay. Other than ISA, do we anticipate that we may have exposure to any of the other reportable diseases, aquatic diseases that CFIA lists in their report? Are we exposed to the various anaemias or other parasites?

DR. WHELAN: To be clear, you are asking a veterinarian, so I can give you a litany of about twenty-eight that exist. It is actually pretty good when you look at terrestrial –

MR. BENNETT: (Inaudible) Mr. Mitchelmore, unless he asked you the same question.

DR. WHELAN: You are looking at a collection of things that are either – pathogens we look at as being parasites, viruses, bacteria. Those exist within the environment. We have often heard elements of asking: Well, does aquaculture create those? No. Aquaculture is recipients of them from wild, and those pathogens do exist. They are endemic in fresh water, in lakes, and within sea water. Those range of pathogens change within every jurisdiction in the world.

MR. BENNETT: You agree that Chile's ISA came from Norway in eggs though, right?

DR. WHELAN: I do not agree. I think their potential exists, but the problem is with the

epidemiology work that was done they cannot say definitively that is where it came from but it is a possibility.

MR. BENNETT: It was ISA free before.

DR. WHELAN: Yes. The dilemma, when people say that about jurisdictions, the problem is you do not have enough wild fish testing that would tell you that an area is free of anything. When you look back at a pathogen, we find a lot of them are about 1,000 years old. There are not new pathogens. People misinterpret that. They are very old and they exist in those environments.

CHAIR: Okay, I am going to go on to Mr. Mitchelmore now.

Mr. Mitchelmore, I will give you until noon when we need the conclusion.

MR. MITCHELMORE: Thank you.

Under 3.1.01, Aquaculture Development and Management, the Grants and Subsidies there was \$492,400 expended last year. What was this for?

MR. DALLEY: The \$330,000 was the normal grant allocation but, as well, the additional funding there went to support the supply and installation of a waste water treatment system at the Hermitage plant.

MR. MITCHELMORE: The transfer of this plant, was this given to Gray Aqua?

MR. DALLEY: The plant?

MR. MITCHELMORE: The plant itself, or did they purchase it?

MR. DALLEY: I think the plant was originally an OCI plant. I think originally there was a plan to do something with the waste water issues. Then when the plant went to – I guess they purchased the plant?

OFFICIAL: Yes.

MR. DALLEY: When they purchased the plant from OCI, as part of the agreement we would still support the implementation of a waste water treatment system for the plant.

MR. MITCHELMORE: Okay. How come there is no dollar value associated with Grants and Subsidies in this year's Estimates?

MR. DALLEY: What we have done, we have combined in a Seafood Development Program. So that funding would go to the Seafood Development Program. What we did with a lot of the grants is made kind of a one-stop application and better management and efficiency within the department.

MR. MITCHELMORE: Is that the \$2.6 million under the Seafood Marketing and Support Services we talked about earlier?

MR. DALLEY: No.

MR. MITCHELMORE: Where does that line item fall?

MR. DALLEY: The seafood development one?

MR. MITCHELMORE: The one you were just talking about that is combined now as a line item.

MR. DALLEY: It is in 2.2.04.

MR. MITCHELMORE: Okay. That is under Grants and Subsidies there, is it?

MR. DALLEY: Yes.

MR. MITCHELMORE: Okay, thank you.

Aquaculture Capital Equity Investment, previously it was explained to me that this money was used for wharves. What is the \$3.4 million used for in this year's budget?

MR. DALLEY: No, that is a different program. The other one was capital infrastructure for wharves. This is capital equity, which we support the expansion of companies.

MR. MITCHELMORE: Okay. This is an injection of money. Do we get shares?

MR. DALLEY: We get shares and, obviously, the company puts in a significant amount. For example, I think over the life of this we are after putting in about \$24 million and we are after leveraging over \$400 million.

MR. MITCHELMORE: We are leveraging, but are we getting anything in return for our loans, advances and investments, in terms of revenue coming back, or nothing to date?

MR. DALLEY: There is a small dividend that is paid annually, but based on the structure of these equity investments, we fully anticipate recovering our investments.

MR. MITCHELMORE: Where would the dividends show up? Would that be under the Consolidated Revenue Fund, just going into general revenues, because it does not show up on the budget here?

MR. DALLEY: We have not received the dividends as of yet. It is a process built into the agreements in terms of start-up. When we reach a certain maturity age and the company reach a certain level, then we will get a return on the equity.

MR. MITCHELMORE: We have been doing aquaculture in the Province for quite a while now. When do we anticipate our first dividend payment?

MR. DALLEY: I think the first one we started was back in 2006. That was a start-up of any industry. Obviously, I think the terms of that particular equity investment were much greater and a much longer period of time to allow the start-up. Since then, I think we are in the range of seven years from start-up to when we start to get a return on our equity investment.

MR. MITCHELMORE: Another seven years, 2020?

MR. DALLEY: No, not another seven because we are probably three or four years into some of them now.

MR. MITCHELMORE: Okay.

The Aquaculture Licensing and Inspection piece – I am actually going to skip forward on that section because time is running short.

In 5.1.01, Aquatic Animal Health, under Purchased Services there was \$420,000. Is this the amount that was used with the ISA to deal with that matter? What were the expenditures? It is \$280,000 increased, more than what was anticipated to be spent.

MR. DALLEY: Yes, primarily with the ISA. What occurs in situations like that is there is lots of pressure on all the labs. We outsource for different testing, and a lot of it was with the Atlantic Veterinary College.

MR. MITCHELMORE: Are the CFIA cuts to laboratory services anticipated to impact our own labs and seafood health in the Province? With the outbreak of ISA and the reoccurrence of it, has there been any increased investment in staff and positions for the biosecurity centre for health and animal welfare in St. Alban's?

MR. DALLEY: I will get Dr. Whelan to address the CFIA issue, but in terms of increase in staff, I think we have proven – and a credit to staff in addressing issues like ISA in terms of surveillance, monitoring and diagnostics. They are in place, they are extensive.

We were able to get out ahead of this real early and work with CFIA, and go through the necessary processes. In terms of the current staff, I feel they are adequately in a position to be able to address the process that is required with respect to ISA or other potential diseases.

There has been no increase in staff. Again, the second time around, we have proven to be very efficient. The whole process of surveillance and monitoring has been very effective. Regardless, even with an increase of staff, you would not be

able to prevent the ISA. The monitoring and surveillance has been strong.

I would ask Dr. Whelan to comment on the CFIA issue.

DR. WHELAN: The Canadian Food Inspection Agency laboratory that was closed is actually not utilized for any of the reportable diseases. In Canada, the actual laboratory process is that the clients are of the Canadian Food Inspection Agency and the laboratories are from Fisheries and Oceans Canada. They are divided upon four different laboratories in Canada, and each one of those is responsible for a certain set of reportable diseases.

What would happen is, if they are found in a certain province, in Newfoundland it would actually be found by the department itself, they would be sent for confirmation to those reference laboratories. That is how it works. The closure here in Newfoundland, actually, would have no bearing on that.

MR. MITCHELMORE: The Aquaculture Act that was passed last year in the House said there would be an insurance paid if there was a loss of aquaculture species, and it seems like the CFIA takes the lead role. Therefore, are they responsible for making this payment; and will the Province be on the hook for paying out these types of fees? As well, is there any type of review on the aquaculture development plan?

I asked last year in the House about an update on the legislation for direct selling. The minister had talked about it. It has been mentioned a little bit here. Will there be any type of consultation on direct selling?

MR. DALLEY: You have a few questions in there. On the insurance side, I think insurance primarily references the clean up of sites, as was earlier alluded to. With regard to the CFIA and the federal government, they have the current legislation and policies around issues with working with companies and the cost. Just so we know, it is my understanding it is not just aquaculture; I think any of the animal farms in the country where they have disease, there is a

program there to support all animal farms, not just aquaculture. So it is not specific to aquaculture.

With respect to sales, we are doing some work on that. I cannot tell you exactly when, and I do not mean to be putting you off because I know you asked last year. It is certainly something I want to get to and see for myself what the implications would be. It is one thing, I know there are some who are strong proponents of this, but we also have to weigh out as well the impact, and whether it is impact on capacity, impact on the ability of current processors to remain viable, and potentially what impact that would have. Those kinds of things would certainly factor into the decision.

CHAIR: Mr. Mitchelmore, I will give you time for one more question to ask, please.

MR. MITCHELMORE: I just wanted clarification on if there is going to be a look at the aquaculture development plan. It has not been updated in some time. To go back and look at where we have been, the industry is not where it was ten years ago. It has certainly grown. There are a lot of good initiatives happening there.

Will we go back and look at the development plan and see if there is further policies and measures that need to be put into play to make sure that it is updated and that it is meeting all of the current standards?

MR. DALLEY: Yes, there is no question; I think we have had tremendous growth in the aquaculture industry. By all accounts, we are anticipating it going from \$115 million or \$120 million industry up to maybe \$380 million or \$400 million industry by 2017. As you know, we have been cautious, we have looked for best practices, and we have invested heavily into the whole process, particularly around health and aquatic services, biosecurity issues, to ensure that we can help support the industry in any way.

Given the growth and given the potential, we certainly see an opportunity to review and take a

close look at what we are doing in aquaculture, and again with the intent of trying to ensure we maintain best practices. We will be looking at our protocols; we will be looking at the whole development program and see where we are.

MR. MITCHELMORE: Mr. Brazil, I did have a few more questions, but if there is not time in the Estimates to do that, I am sure the minister and staff would be available to answer some additional questions outside of the Estimates period.

MR. DALLEY: Yes, we can do that.

CHAIR: The minister already did make that offer of either one-on-one, or if there are any questions that you want to send to him, but I think the staff and minister could speak to that.

MR. DALLEY: Sure, no problem.

CHAIR: With that being said, Mr. Bennett, you are fine?

With that being said – and the same offer is to Mr. Bennett and the Opposition –

MR. DALLEY: Absolutely.

CHAIR: - if you want to take him up on a one-on-one conversation - or some of his officials.

OFFICIAL: (Inaudible).

MR. BENNETT: We have no issue with that whatsoever. We do not always agree; we do talk and –

CHAIR: The dialogue is there; that is great.

MR. BENNETT: I want to send his staff back to work, because they are working for all of us.

CHAIR: Exactly; perfect.

Can I have a motion that we adopt headings 2.1.01 to 5.1.01 inclusive?

MS PERRY: So moved.

CHAIR: A motion by the Member for Fortune Bay – Cape la Hune.

All in favour, signify by saying ‘aye’.

SOME HON. MEMBERS: Aye.

CHAIR: Opposed?

On motion, subheads 2.1.01 through 5.1.01 carried.

On motion, Estimates of the Department of Fisheries and Aquaculture carried without amendment.

CHAIR: A motion to adjourn?

MR. CROSS: So moved.

CHAIR: Bonavista North.

All in favour, signify by saying ‘aye’.

SOME HON. MEMBERS: Aye.

CHAIR: Opposed?

Carried.

Thank you very much.

I want to thank the minister and his officials and the Committee again for so diligently having an open discussion. Thank you very much, and the Clerk also.

On motion, the Committee adjourned.