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**Proceedings of the Standing Committee on  
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

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Chair: David Brazil, MHA

Vice-Chair: Christopher Mitchelmore, MHA

Members:

Eli Cross, MHA  
Keith Russell, MHA  
Sam Slade, MHA  
Tracey Perry, MHA  
Lorraine Michael, MHA

Clerk of the Committee: Sandra Barnes

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Appearing:

### **Department of Fisheries and Aquaculture**

Hon. Keith Hutchings, MHA, Minister  
Jason Card, Director of Communications  
Justin Halleran, Executive Assistant  
Philip Ivimey, Departmental Controller  
David Lewis, Deputy Minister (Acting)  
Kate Lundrigan, Financial Planning Supervisor  
Brian Meaney, Assistant Deputy Minister, Aquaculture  
Krista Quinlan, Assistant Deputy Minister (Acting) Fisheries  
Dr. Daryl Whelan, Director/Provincial Aquaculture Veterinarian  
Wandalee Wiseman, Director of Planning Services

### **Also Present**

Kim Ploughman, Researcher, Official Opposition Office  
Ivan Morgan, Researcher, NDP Office

The Committee met at 6:20 p.m. in the Assembly Chamber.

**CHAIR (Brazil):** Okay, ladies and gentlemen, I think everybody is here and we are ready to start. I want to welcome everybody to the Resource Committee Estimates review of the Department of Fisheries and Aquaculture.

I am going to ask that the Committee introduce itself first, and then I will get the minister and his officials to do that. Then I will go through some housekeeping, the process we are going to use, and then we will get right into it.

Mr. Slade, we will start with you.

**MR. SLADE:** Sam Slade, MHA, Carbonear – Harbour Grace District.

**MS PLOUGHMAN:** Good evening. Kim Ploughman, Liberal Opposition Office.

**MR. MITCHELMORE:** Christopher Mitchelmore, MHA, The Straits – White Bay North.

**MR. CROSS:** Eli Cross, MHA, Bonavista North.

**MS PERRY:** Tracey Perry, MHA, Fortune Bay – Cape La Hune.

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

**MS MICHAEL:** Lorraine Michael, MHA, Signal Hill – Quidi Vidi.

**MR. MORGAN:** Ivan Morgan, Researcher, NDP Caucus Office.

**MR. HUTCHINGS:** Keith Hutchings, Minister of Fisheries and Aquaculture.

Mr. Chair, if it is okay, I will ask my staff to introduce themselves.

**CHAIR:** Yes, please.

**MR. HUTCHINGS:** Okay, go ahead.

**MR. LEWIS:** David Lewis, Deputy Minister.

**MR. MEANEY:** Brian Meaney, Assistant Deputy Minister.

**MS WISEMAN:** Wanda Wiseman, Director of Planning Services.

**MR. WHELAN:** Daryl Whelan, Director of Aquatic Animal Health.

**MR. IVIMEY:** Philip Ivimey, Departmental Comptroller.

**MS QUINLAN:** Krista Quinlan, Assistant Deputy Minister.

**MR. HALLERAN:** Justin Halleran, Executive Assistant.

**MS LUNDRIGAN:** Kathleen Lundrigan, Financial Planning Supervisor.

**MR. CARD:** Jason Card, Director of Communications.

**CHAIR:** Welcome to everybody.

I will do some quick housekeeping here. I need a motion to adopt the Resource Committee minutes for the Department of Tourism, Culture and Recreation April 9, 2014 review.

Moved by the Member for The Straits – White Bay North; seconded by the Member for Fortune Bay – Cape La Hune.

All those in favour, signify by saying ‘aye’.

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Opposed, ‘nay’.

Motion carried.

On motion, minutes adopted as circulated.

**CHAIR:** What I do encourage people and particularly, Minister, and your officials, when you speak, the light will normally be on for you, but if one of your officials has to answer questions or give a comment, identify who you are for Hansard so it is easier for them to record it appropriately.

The way that I operate the Chair is that I will give ten to twelve minutes – and most people here are familiar with how I do it, particularly in the Committee. If they are getting close to the end of a section, I will give them leeway if need be to finish that off and then we will go back and forth.

Right now, I will ask the minister if he has any opening statements.

**MR. HUTCHINGS:** No, we are glad to have my staff here this evening so we are willing to get started.

**CHAIR:** Okay, perfect.

I am going to call first for the first subhead.

**CLERK (Ms Barnes):** Subhead 1.1.01.

**CHAIR:** We will start with 1.1.01.

Mr. Slade.

**MR. SLADE:** First of all, I would like to thank the minister and his staff for coming to the meeting this evening. I just like to say, once again, thank you.

**MR. HUTCHINGS:** You are very welcome.

Thank you.

**CHAIR:** I do ask, though, that we try to stick to the intent of the Estimates which are the line items, particularly the financial part of it.

**MR. SLADE:** Okay.

Going down through the lines there, 1.1.01, there was a \$10,000 adjustment down in Salaries. Can I find out why?

**MR. HUTCHINGS:** That is the top line?

**MR. SLADE:** Yes.

**MR. HUTCHINGS:** Okay.

Mr. Chair, \$249,800 was the budget; we went to \$239,000. There were changes in staff in the minister's office during the year for my change of going in and taking over in October. There

were some savings there in that regard because, I guess, staff were not in place for a short period of time.

**MR. SLADE:** What are the purchased services, to whom, and can we get a list?

**MR. HUTCHINGS:** Yes, purchased services on that line item would be rental and lease of office equipment such things as photocopiers, rental of meeting rooms, facilities, printing services, advertising, and those types of things, shredding services. We can make a list of what made up that amount of \$1,500 that was actually in 2013-2014.

**MR. SLADE:** Okay.

Are there any changes in the staff in the minister's office anticipated for this year?

**MR. HUTCHINGS:** I am not sure about me, but no, I do not think. In terms of the minister's office –

**OFFICIAL:** Not in the regular staff.

**MR. HUTCHINGS:** Not in regular staff.

**MR. SLADE:** Does the minister tap into any other funding to operate outside what is listed in this section?

**MR. HUTCHINGS:** In this office budget?

**MR. SLADE:** Yes.

**MR. HUTCHINGS:** No.

**MR. SLADE:** Okay.

Can I move on to 1.2.01?

**MR. HUTCHINGS:** Okay.

**MR. SLADE:** On the Salaries there was an over spend of \$118,900. Who and how many were hired and why?

**MR. HUTCHINGS:** That was in regard to last year there were some reductions in staff at DFA. That was related to an ADM position, I do believe, and my deputy minister can clarify. It was a continuum of payments associated with

that ADM position. That position was eliminated as part of the 2013-2014 budget process.

**MR. SLADE:** What are the purchased services for in that area?

**MR. HUTCHINGS:** Purchased services, again, that would be advertising, promotional costs, printing services, rental of booth space for any promotional activities of the department. They are carried out by the Director of Communications.

Again, if there was something required there, we can provide that.

**MR. SLADE:** Thank you, Minister.

Subhead 1.2.02.

**MR. HUTCHINGS:** Okay.

**MR. SLADE:** There was no allocation last year for Professional Services but \$323,700 was spent – on what?

**MR. HUTCHINGS:** We are at 1.2.02.

**MR. SLADE:** Yes.

**MR. HUTCHINGS:** Okay.

Originally, there was budgeted \$8.6 million for 2013-2014, then, as the year progressed, the determination was made of what expenditures were coming out of \$8.6 million. Included in the revised are consulting design fees required for construction of an aquaculture inflow wharf; full capital budget for the aquaculture inflow wharves originally budgeted in Property, Furnishings and Equipment for 2012-2013. The funds were transferred to Professional Services, so that is why they would show up in Professional Services. That is the \$323,700.

The \$1,829,600 were engineering and actual construction expenditures related to an aquaculture inflow wharf; full capital budget for aquaculture inflow wharves originally budgeted again in Property, Furnishings and Equipment for 2012-2013, and funds were transferred into Purchased Services from Property, Furnishings and Equipment.

The last one, \$555,600, this was expenditure associated with the actual building construction and materials. There was a variance there to delay relating to the Milltown wharf, to start the second wharf. So, yes, that was a delay in the Milltown wharf. The total amount originally allocated did not get spent because of delays in finalizing the Milltown design. You may have heard a little while back, that we announced we had awarded the Milltown wharf, if I remember correctly.

Also, one of the wharfs did not proceed, as a final location has yet to be determined. That money had been there, but a final determination has not been made. So that decision will be made in this fiscal year.

The department had carried out funds to complete Milltown wharf, as well as funds associated with a second wharf in 2014-2015 and 2015-2016. Approximately \$2.1 million was transferred from Property, Furnishings and Equipment to Professional Services, and Purchased Services, during the 2013-2014 fiscal year. That was related to design and engineering expenditures that were incurred. This was budgeted, and then as the year went, there were determinations made on how that would be allocated. In some respects, the money did not get out.

As I said, an example is the Milltown wharf, in terms of getting it tendered, getting the engineering and getting the work done. Then that money would be flowed into the following year to complete the wharf.

**MR. SLADE:** Who did the design work on that piece?

**MR. HUTCHINGS:** We will find that information for you. I do not think we have it here right now. Do we have it, Brian?

**MR. MEANEY:** (Inaudible).

**MR. HUTCHINGS:** We do not have it here, do we?

**MR. MEANEY:** No.

**MR. HUTCHINGS:** Okay.

**MR. SLADE:** So we can get the information?

**MR. HUTCHINGS:** Yes.

**MR. SLADE:** Okay.

**MR. HUTCHINGS:** I think we may have indicated who it was in our press release, actually, when we indicated it had been awarded.

Mr. Slade, that was Meridian Engineering.

**MR. SLADE:** Okay.

What percentage of the capital budget of this section is spent on aquaculture? Can the minister provide details?

**MR. HUTCHINGS:** Yes, it is 100 per cent.

**MR. SLADE:** One hundred per cent?

**MR. HUTCHINGS:** Yes.

**MR. SLADE:** Thank you, Minister.

1.3.01, Salaries; who was hired to justify a \$291,600 increase in salaries, or was that retirement payouts?

**MR. HUTCHINGS:** The \$596,500 was budgeted. The \$888,100 was the revised. That was related to temporary staff hired to perform information and records management. There was an ATIPP Coordinator, publications. As well as, there was various research and analysis done during the year. These would have been temporary positions, if I remember.

**MR. SLADE:** Temporary positions?

**MR. HUTCHINGS:** Yes.

**MR. SLADE:** Purchased Services, what was purchased and for what in that section?

**MR. HUTCHINGS:** Purchased Services, again, would be printing, office equipment, repairs, and photocopiers. As well, anything associated with the rental of conference rooms, hall rentals for meetings and services associated with policy consultation and development.

**MR. SLADE:** Can I get a list of the research and analysis reports?

**MR. HUTCHINGS:** I just want to be clear on what you are asking for again, Mr. Slade.

**MR. SLADE:** A list of research and analysis reports, what you just mentioned there.

**MR. HUTCHINGS:** Oh, a list of research and analysis in my description there for Professional Services.

**MR. SLADE:** Yes.

**MR. HUTCHINGS:** Yes

**MR. SLADE:** The Grants and Subsidies, who received these and why? Can the minister provide a list? Does any of this money under Planning and Administration go to the Rural Secretariat?

**MR. HUTCHINGS:** Grants and Subsidies; yes, we can provide that.

Just to give you an idea, there was \$32,000 for sealers professional training with sponsorship of the Natural Boutique in terms of a grant to attend the marketing show, seals communication and marketing activities related to WTO. That was the grant. We can provide that list to you.

**MR. SLADE:** Okay.

On the Revenue line there, where did that amount come from? The thirty-nine –

**MR. HUTCHINGS:** Okay, yes.

That is due to outstanding invoices related to prior years. I think there was a journal voucher for about \$26,600. It has been prepared to reverse all the outstanding accounts receivable incomes from the old year and puts them back into the current year.

It would also include payments of funding; approximately \$9,000 for CCFI and miscellaneous revenue of \$4,200 which is composed of payments from Barry Group related to payment of invoices for varied seafood shows. Oftentimes, if we had a venue in these

shows, they would purchase space. So that would generate revenue.

There was also reimbursement of a grant used under the community-based grants program, a payment from ACOA and Bell Mobility for overpayments on invoices, and payments from various individuals within DFA related to personal phone calls. I think that is about it. So, collectively, that would make up that amount.

**MR. SLADE:** Can I get that information tabled?

**MR. HUTCHINGS:** What was that, Mr. Slade?

**MR. SLADE:** Can I get that information tabled?

**MR. HUTCHINGS:** Yes, you can get a list of that information.

**CHAIR:** Mr. Slade, if you are finished with that subhead, then I am going to go to Ms Michael, if you are good on that one.

**MR. SLADE:** Yes, fine.

**CHAIR:** Ms Michael.

**MS MICHAEL:** Thank you very much, Mr. Chair.

Just to make the point, which I always do, obviously when either one of us asks for something, I hope we will all receive whatever information that comes out, just to get that on the record.

**MR. HUTCHINGS:** Yes, sure.

**MS MICHAEL:** I do have another question related to 1.3.01, where we were just discussing; it is back to the Salaries line. I think we get your explanation, Minister, with regard to the revision upward, but this year the line is quite a bit above what was budgeted last year. Could we have a breakdown on why the Salaries line had gone up to \$929,900?

**MR. HUTCHINGS:** Yes, there was a realignment of salary funds within the department to include temporary salary funding for positions associated with the Information Manager, ATIPP Coordinator, and the various

research and analysis work that were temporary in prior years.

In 2014-2015, it includes an additional \$76,000 for a temporary sealing consultant position. As well as normal budget salary increases as per the collective agreement.

**MS MICHAEL:** Am I to understand that some of the ones that were temporary in 2013-2014 are now permanent, or are they all still temporary?

**MR. HUTCHINGS:** Those are still temporary positions.

**MS MICHAEL:** Okay.

Why do you keep them as temporary?

**MR. HUTCHINGS:** I guess we did zero-based budgeting last year and went through the process in terms of the budget we have. The budget was frozen at that, so you would still retain them as temporary. Do you want to comment to that, Dave?

**MR. LEWIS:** Those positions have mostly been in the planning division for the last two or three years, but they have been funded through vacancies in other parts of the department and so on. They are identified as positions that were required: information management, ATIPP coordinator, and so on.

During the last year there was an exercise across all departments to have a zero-based salary budgeting initiative to look at ensuring that the funds were allocated properly to cover off where the real positions in the department were, the real salary costs. That is why you will see that the projected revised is up significantly from the budget last year, but this year's budget is really similar to last year's budget. It is just reflecting the reality of what positions are in the Planning Services Division.

**MS MICHAEL:** Okay. So, the changes were the ones that were made last year, and now you are just maintaining that change.

**MR. LEWIS:** That is right, yes.

**MS MICHAEL:** Thank you very much.

Under 1.3.02, I do not have any questions specifically with regard to the individual line items, but a general question which I still think is budget related, and that has to do with how the department is doing with regard to promoting sustainable fishing practices. I will ask that first.

**MR. HUTCHINGS:** Just a general question in terms of –

**MS MICHAEL:** Pardon?

**MR. HUTCHINGS:** I am not sure of your question –

**MS MICHAEL:** Under 1.3.02, Sustainable Fisheries Resources and Oceans Policy, how are you promoting the sustainable fish practices in the Province? What are you doing to promote that?

**MR. HUTCHINGS:** There are a number of areas, I guess, getting back to the Fishing Industry Renewal and some of the things that we were started in 2007. Specifically related to our investment in the Centre for Fisheries Ecosystems Research, I guess, is one with regard to the work we are doing and has been done there from the science perspective, the work that was done by Dr. George Rose at the Marine Institute and a suite of scientists and inventory that we have built, and graduates, in terms of looking at the overall ecosystem. Obviously, that is the key to sustainability.

It is not just counting fish any more. We engaged in that process for the sole purpose, to be able to do that ecosystem research, to make sure how different species interact whether it is cod, shrimp, crab – initially, it started out with cod, but halibut has been done and other species has been done as well.

In terms of sustainability, that is one that we have done well. We did some work with regard to biodegradable twining in crab pots, those types of things, bottom-friendly trawls, core protected zones, and all of those things. We have also, through the department, the coastal management plan, I guess it is called, with regard to DFA's connection with the federal government and what they are doing in terms of coastal management.

We are the liaison not only with the federal government, but with all departments with regard to coastal and marine development. That is various species – the green crab that is overseeing that in terms of what happens.

Then, the innovation piece, in terms of what we are doing. All of that, put it together in terms of looking at the sustainability of the fishery and how we protect our ecosystem.

I do not know if any of my staff have anything further to add in that regard.

**MS MICHAEL:** Would the cost of the *Celtic Explorer* come under this as well, or would that be found somewhere else?

**MR. HUTCHINGS:** Yes, that would be here, Ms Michael.

**MS MICHAEL:** Okay.

Maybe we could have a list of the grants and subsidies. I suspect that is where all of that information would be listed.

**MR. HUTCHINGS:** Yes, CFER is the budget for 2014-2015 and it would be \$2.35 million, and that would cover the *Celtic Explorer* and also cover the scientific staff as well.

**MS MICHAEL:** Okay, thank you.

In your seafood industry year in review 2013, you note 77 per cent of Newfoundland and Labrador seafood products by value have obtained the MSC certification, which is great, but I am sure that you want to bring that up to 100 if possible. What is going on with regard to trying to get there?

**MR. HUTCHINGS:** Do you want to speak to that, Dave?

**MR. LEWIS:** We have been successful in having yellowtail flounder, snow crab, and shrimp MSC certified. We are in the process of supporting the industry to seek MSC certification for 3PS cod. We are also supporting an initiative to seek certification for lobster. A fair number of species within the Province have either been certified or they are undergoing assessments now for certification.



The department is assisting the industry on those costs.

**MS MICHAEL:** Great, thank you.

Is there a timeline that you are sort of moving towards, or does it have to work itself through a whole process?

**MR. HUTCHINGS:** Really, it has to work itself through in terms of process, but obviously it is all a priority in terms of getting there.

**MS MICHAEL:** Right. Thank you.

Under 1.4.01, Coordination and Support Services, looking at the Salaries line, we have quite a difference between the budget for last year and the budget for this year; if we could have an explanation on that.

**MR. HUTCHINGS:** Yes, there was a re-profiling of \$198,800 for the divisions within DFA to the fishery industry renewal associated with the realignment of three positions to fishery industry renewal. They included a market development officer, a fisheries development officer, and a policy, planning and research analyst.

Funding for all of the five administrative positions associated with fishery industry renewal are now included here in this line figure. An additional \$400,000 was provided in 2014-2015 budget for one year for four positions, and they are to support the program and development activities related to the CETA fisheries fund. That is basically to look at developing and working the scope and depth of the outlay of those programs as we move forward in getting ready to get access to that funding.

**MS MICHAEL:** You are talking about the funding that is part of the agreement with the federal government?

**MR. HUTCHINGS:** Yes.

**MS MICHAEL:** Okay, the \$400 million.

**MR. HUTCHINGS:** Yes.

**MS MICHAEL:** Okay, great. So that is ongoing now?

**MR. HUTCHINGS:** We will start the process now of recruiting, but we have started – certainly within the department, there has been a team set up. We have had interaction with the federal government and have started to move forward identifying the pillars and agreeing on how we are moving forward with this.

The intent, Ms Michael, obviously is that when we get access to that, we want to be ready to move. You do not want to get to a point where you are still trying to decide how the money is going to flow, how it is going to flow in which programs, those types of things. We want to be ready to move at that stage.

**MS MICHAEL:** Can you give us any idea at the moment what the priorities are for the Province? I know what the priorities were when you first reported this? Are they the same priorities?

**MR. HUTCHINGS:** Yes, we are glad to say, in interactions with the federal government, I think they are happy with what our priorities were. I met with Minister Rob Moore probably in late January and had a very good discussion. That was about are we aligned here in terms of what our expectations are and what our goals are. We are pleased to say we were.

**MS MICHAEL:** Do you have any idea, Minister, when you are going to come to agreements, where money is going to be able to flow and you are going to be able to get into the plan?

**MR. HUTCHINGS:** I guess the first thing we wanted to do was have consultations and discussions. We have had many representations – I have, as minister, and officials have, for many throughout industry. I have heard directly from inshore fisheries, but then we have heard from union groups and other groups. We wanted to lay out a plan for consultation as well, so we will be doing that over the weeks and months ahead.

We want to look at too, we have the Marine Institute that plays a role now, we have the Centre for Fishery Innovation, we have CFER,

and we have the RDC. We want to look at the full complement of everything we have now that is related to the industry and see, are there synergies there. Are there things we do now we can do differently and look at the full picture? So that is part of the overall analysis that we will do.

**MS MICHAEL:** Okay, thank you very much.

Under section 10, Grants and Subsidies, \$750,000 was budgeted last year and it was revised up to \$1.4 million. What was that increase all about?

**MR. HUTCHINGS:** That would have been done to meet additional expenditures to facilitate of the short-term job creation component of the workforce adjustment program, because of permanent closures of fish plants in the Province. So that would have been our fish plant adjustment program we have.

**MS MICHAEL:** Okay.

**MR. HUTCHINGS:** That is meeting the needs of, basically, what happens when there is a permanent closure of a fish processing facility.

**MS MICHAEL:** Okay, and you obviously were not expecting what happened there, for you have the extra expenditure.

The \$750,000 that you now have budgeted is that mainly for that as well, or are there other things included in the Grants and Subsidies?

**MR. HUTCHINGS:** Is that mainly for, what I just described?

**MS MICHAEL:** Yes, for the workplace adjustment.

**MR. HUTCHINGS:** Yes, it is my understanding. I think in the past – historically, it has always been budgeted at \$750,000. In some years you may not come close to using that, other years, due to what happens in the industry, it may exceed it; but \$750,000, historically, is my understanding, has been what has been budgeted.

**MS MICHAEL:** Could we say that if we are not successful in trying to get some changes

made with regard to the shrimp quota this could be a bigger number again than the \$750,000?

**MR. HUTCHINGS:** Yes, indeed, and keeping in mind that this is executed if there is a permanent plant closure.

**MS MICHAEL:** Right, not temporary.

**MR. HUTCHINGS:** Not temporary.

**MS MICHAEL:** Right, okay.

Thank you.

**CHAIR:** Ms Michael, does that finish that section for you?

**MS MICHAEL:** Yes, it does.

**CHAIR:** Okay, I will go back to Mr. Slade so he can finish off that section also.

Thank you.

**MR. SLADE:** Fisheries resource assessments, what assessments were carried out, and can we have a copy?

**MR. HUTCHINGS:** I am not sure, Mr. Slade. Where are we?

**MR. SLADE:** Okay. We are at 1.3.02.

I am sorry; this is my first time doing this.

**MR. HUTCHINGS:** Yes, 1.3.02.

**MR. SLADE:** The question was on the fisheries resource assessments. What assessments were carried out, and can we get a copy?

**MR. HUTCHINGS:** Fisheries resource assessments, yes, we will provide it.

Would that be the fishery grant program, that kind of thing, Mr. Slade?

**MR. SLADE:** Yes.

**MR. HUTCHINGS:** Yes, just to give you an eye level in terms of the kinds of things we have done. The Northern Gulf cod science program with the FFAW was \$50,000. CFER did a

history and abundance of haddock in Southern Newfoundland, it was \$25,000. With ASP, there were snow crab reference point projects with MI in terms of the pop-up satellite tagging of cod. With MUN, we did sea cucumber influence of stress and diet. Those were the types of things, and we can provide you with that list.

**MR. SLADE:** Is NAFO included in here? How much was spent to participate in NAFO?

**MR. HUTCHINGS:** To participate in NAFO?

**MR. SLADE:** Yes.

**MR. HUTCHINGS:** That would be under the federal. We would not be –

**MR. SLADE:** Was any money spent here from that?

**MR. HUTCHINGS:** Yes, the only cost for us would be for staff who would be involved in any NAFO meetings that we think they would need to be a part of. That would be the only expenditure related to that.

**MR. SLADE:** Okay.

Coastal and Ocean Management Strategy and Policy Framework; in June, 2011, the Province announced the release of an Ocean Management Strategy. What is the status of this strategy?

**MR. HUTCHINGS:** As I mentioned to Ms Michael earlier, the Coastal Management Strategy was three years initially. That basically was to co-ordinate activities with the federal government and us to be the lead here in Newfoundland with various departments in terms of coastal management.

We do a number of things through that, certainly the promotion of the ocean and marine environment, and protecting that environment. We do programs with youth. We also do the invasive species program, looking at that, the green crab and other species. We have renewed that plan again and moving forward with funding in this budget to make it permanent, actually, this year. So, permanent funding flows in the budget now for future years as we continue.

From my perspective too, I think we are looking at both the wild and the farm fishery in regard to coastal management. So both sides will be key for us as we move forward.

**MR. SLADE:** Okay.

Is there a federal/provincial/regional ocean management committee formed to provide a co-ordinated approach in areas of federal jurisdiction as committed?

**MR. HUTCHINGS:** We do have interactions.

I do not know, Brian, if you want to speak to that, or Dave.

**MR. LEWIS:** There is a Regional Oversight Committee on Oceans Management that is co-chaired by myself and the Regional Director General for Newfoundland, DFO. It includes a number of departments and agencies, both provincial and federal.

**MR. SLADE:** Okay.

Under 1.4.01 –

**MR. HUTCHINGS:** Okay.

**MR. SLADE:** – on the lobster program, was the lobster sustainability program funded here in this section?

**MR. HUTCHINGS:** No, that would have been in a previous – that would be funded through 1.3.02. I think in total, offhand, that was a \$30 million project, and I think the Province invested about \$9 million. That has just concluded recently. The result was, I think, there were 265 licences that were retired as a result.

The Government of Newfoundland and Labrador, 30 per cent; we invested over \$9 million and the Government of Canada was a little over \$9 million. Obviously, that was to rationalize and also allow those who could exit to exit, and look at long-term sustainability and conservation of the Province's lobster fishery.

**MR. SLADE:** Can you tell me how much was spent last year in that program?

**MR. HUTCHINGS:** In total, I think, it was a little over \$9 million. That would have been over three years, I believe.

Last year, Mr. Slade, it was about \$600,000 or \$700,000, but we can give you a breakdown of that if you wish, in terms of the lobster sustainability and what flowed for the years it existed.

**MR. SLADE:** Yes, please.

Thank you.

On CETA, the Canada-European Union Comprehensive Economic and Trade Agreement, we have heard little from the Province on this issue. Can the minister provide any updates, especially as it relates to the fishery?

**MR. HUTCHINGS:** In particular, what?

**MR. SLADE:** Any information and any updates that you would have on it up to this point in time.

**MR. HUTCHINGS:** Well, I guess the agreement in principle and the details around it have been provided by the federal government, and what the intent and breadth and scope is of the proposed agreement between Canada and the EU. For us, as we have always said, we always saw the EU market as something we needed to have in terms of growing our industry and getting access to one of the world's biggest markets.

As we have said, with the incoming and signed agreement between Canada and the EU, who are the signatures to it, we will see very inhibiting tariffs from anywhere from 7.5 per cent to 20 per cent that will come down. In the first year, if I remember correctly, when it is signed, we will see in Newfoundland about 99.1 per cent of all tariffs reduced. We estimate, just on what has been paid in tariffs today, that is about \$25 million.

We see it as a great opportunity. I even indicated that we have put positions in place this year to do the preparatory work to begin to put in place the programs that we think we are going to need and to enhance the programs we already

have with the CETA money, and to work with the federal government to look at how that money would flow.

The agreement that was reached, after the deal is signed, there would be three years where the \$400 million fund would flow. I can update you with regard to our discussions with the federal government. We think that period and parameter probably needs to be extended out, and there is an agreement on that. So, that is one of the things we will be discussing.

It is a lot of money. In terms of programs and how that is going to evolve, we think the period of time would be much longer. As I said, there is an agreement on both sides that we need to work through that as well.

We have a committee stuck. The committee is moving forward, as I said, in the CETA fund and how we are going to manage it. That is where we are. We are excited to get the deal signed. I think originally the estimate by the federal government was anywhere from sixteen to twenty-four months to get the deal done. How many states are in the US, twenty-seven? I guess it has to go through all the legalities of all the states –

**OFFICIAL:** Twenty-eight in the EU.

**MR. HUTCHINGS:** Twenty-eight in the EU. The legal text and various languages and all that need to be carried out, then it will be presented to the House of Commons.

**MR. SLADE:** Basically right now, the feds, up to this point in time, there is really no new updates other than what you have originally out of CETA.

**MR. HUTCHINGS:** When you say no new updates – if there is a specific question that you have, I could try to answer it. The agreement was reached –

**MR. SLADE:** Since it has been announced, there is very little information flowing to this side as it pertains to it. I have fish harvesters and fish plant workers e-mailing me and phoning me trying to get the particulars on it, so that is the reason I asked the question.

Do you, as minister, intend to hold any public forums and get the message out there, as it pertains to the CETA deal? Because right now, that is not what is happening and people are out there second-guessing themselves now on whether they should invest in it. There are plant workers out there wondering if they have jobs and so on and so forth. We do know that there is going to be fallout from that. That is the reason I asked the minister if he is going to –

**MR. HUTCHINGS:** The fallout, the only concern would be in terms of the processing sector.

**MR. SLADE:** Yes.

**MR. HUTCHINGS:** We did our research before in terms of MPRs and allowing lifting restrictions to the EU. The other Atlantic Provinces, Quebec, BC, the inland fisheries in the West, none of them have MPRs. We are not seeing a drastic export of raw material to the EU.

The second component is that all of our analysis showed that the processing costs in the EU are much higher than what ours are, so if we are going to be competitive then what is the trade-off? We can give MPRs up to the EU, which we think will not have much effect on us anyway, and we can get access to this huge market.

We do not think that there is going to be huge instances where we are going to see – what we are going to see, I think, is opportunities because right now we cannot send product into the EU or do any secondary processing. We cannot brand it. We send it into the EU. They take it. They thaw it. They do secondary processing with it. They brand it under an EU company and put it into their market.

We have the opportunity under CETA to do that here. So, if anything, we have an opportunity for plants that can extend their season and do secondary processing here. They can brand it, put the Newfoundland company name on it, and then send it into the EU. To us, that is an opportunity to do more work in rural Newfoundland and Labrador.

**MR. SLADE:** I will go back again: Is the minister going to hold any public consultations with the industry?

**MR. HUTCHINGS:** I just said we are in that process of organizing public consultations.

To be respectful to you, you were over to see me, we did a presentation for you and you indicated you had people who needed information. I said to you directly: Get me the people, their contact information. I will meet with them. I will have my staff meet them. That was March – as of today, I have not received any of those messages.

**MR. SLADE:** I am getting the e-mails and the phone calls all the time. Basically, what I should be telling them is to call your office.

**MR. HUTCHINGS:** Or if you have questions, tell me what your questions are and we will answer them for you so you can relay the information on to them.

**MR. SLADE:** Okay.

On the MPRs, we heard the minister say on the Fisheries Broadcast on March 20, 2014 that his department carried out an analysis with regard to processing and our competitive nature with the EU states. Can the minister provide us with a copy of that analysis so that all citizens can have the benefit of his insight?

**MR. HUTCHINGS:** Yes, we can provide that information.

**MR. SLADE:** Pardon?

**MR. HUTCHINGS:** Yes.

**MR. SLADE:** Okay.

**CHAIR:** Mr. Slade, are you finished with that subheading?

**MR. SLADE:** Yes, for now.

**CHAIR:** I am going to go to Ms Michael now to go into subheading two, or if she needs to go back.

**MS MICHAEL:** I would just like to come back to one question that Mr. Slade asked and just push it a little bit further. It had to do with the lobster sustainability program. I can see what you have done over the last three years and the retirement of the licences; but are you, in the department or elsewhere in the research centre or whatever, looking at initiatives to further improve the sustainability of lobster, besides just the retirement of licences?

**MR. HUTCHINGS:** That was a project where we were approached, as a partner, to do that basically on the sustainability issue. I am sure based on the number of fishers who were engaged in it, the access to the volume of lobster that was there – with that, we engaged in a \$30 million project that makes the industry more sustainable now and those who are left certainly make their enterprises greater in terms of the return to them.

I do not think there is anything specific further on the lobster side, is it, Dave?

**MR. LEWIS:** There are two components really to the lobster program. There was a licence retirement component and there was a conservation element as well, which related to reductions in the number of pots being used. The Province, the federal government, and the FFAW supported both of those initiatives and cost shared the initiatives.

In addition, we have been supporting the MSC certification process for lobster as well.

**MS MICHAEL:** Okay, thank you.

Under 2.1.02, I actually do not think I have any questions there; everything likes copasetic.

Come down to 2.2.01, please. This is the Seafood Marketing and Support Services. I do not have a lot of questions with regard to expenditures; that all seems to be straightforward. Except the Grants and Subsidies, \$2.6 million was budgeted last year and none of it was spent. I am curious about what it was you were expecting there.

**MR. HUTCHINGS:** That was the last year of the marketing fund that we had, which we had basically no uptake on. That was in regard to

the sales consortium, in terms of our industry would come together. Various processors come together to set up a sales consortium. We wrote and conversed with industry and encouraged them to come onboard. We did have some interest, but at the end of the day, they did not agree.

What has happened here, and I heard it when I was in Boston and speaking to the people in the market. The concern in the industry from time to time is what they call distressed selling, where there is product held and there is a cash flow issue. Because of that, the product is dispersed in the market at inopportune times, maybe when the market is not the best. It seems like that self-corrected.

What we were told is we are seeing the private sector themselves dealing with this. They are using other sales consortiums or sales marketing agencies that are out there themselves, coming together and using them. So it is kind of good to hear that. That in and of itself it is kind of moving in the right direction, and we are not seeing that type of distressed selling that we have seen in the past – which, as I said, has put product in the market at an inopportune time and not maximizing the return for anybody in the industry.

Recognizing that going forward, we have allocated \$200,000. I did meet a few months ago with the group or the association that represents the small processors. We had some discussion and I was eager to tell them that if they wanted to come together as a group and we could help market or help them in anyway, we would certainly look forward to it. They did kind of indicate they would put together a proposal, but to date we have not seen it.

I am looking forward to seeing an agreement and the opportunities that exist, I think there are huge opportunities we can help them with; but, again, it is industry driven. We cannot tell them or direct them to get involved in marketing.

**MS MICHAEL:** Okay; and that will be true. Some of the money of the \$400 million, part of the whole CETA, one of the goals, my remembering of the three prongs, one was marketing.

**MR. HUTCHINGS:** Yes, correct.

**MS MICHAEL:** So, you are hoping to be able to develop that further?

**MR. HUTCHINGS:** Yes.

**MS MICHAEL:** We are looking at the European market, would that be part of that?

**MR. HUTCHINGS:** Yes; and the other part of that is, too, for the marketing component, it is going into the States beforehand and getting the intelligence of what – we have an industry here that we have a priority species that we harvest now. What other species within the States could we harvest and put in there? Getting that market intelligence, that is a way we can grow our industry and expand it here.

We are seeing companies now, I know, that are getting into the EU and talking about paying the tariff. So when the tariff comes down they will be well positioned. That is the kind of opportunities that we are starting to see.

**MS MICHAEL:** Okay, thank you.

I have a couple of more questions, actually, that I forgot that I did have.

Under the Operating Accounts, Purchased Services, it is a steady number there, \$380,000. Where does that go? What is it that is being purchased?

**MR. HUTCHINGS:** That would be related to local, national, and international trade show expenses. That would be advertising, promotion. We put up booths, equipment rentals, and freight costs when we are sending off different things from here for the international trade shows, like booth equipment, those types of things. All of that would be included in that.

**MS MICHAEL:** Okay.

Just going back up to 2.1.01 – I forgot that I had this question – under Grants and Subsidies, again, it is a consistent \$300,000. You could probably describe it to us first, but then also give us a list, if there is a list with regard to the Grants and Subsidies.

**MR. HUTCHINGS:** Are you at 2.1.01, Ms Michael?

**MS MICHAEL:** Yes, please.

**MR. HUTCHINGS:** Okay.

Those are the special assistant grants that fishery committees or harbour authorities would use for minor infrastructure. A lot of them are usually around the \$3,000 range, that type of thing, but we can provide a list for the last fiscal year.

**MS MICHAEL:** For last year, great.

Thank you very much.

Under 2.2.01 it says, “Appropriations provide for the provision of market intelligence and market development support to the fishing and aquaculture industries....” Is it possible to get a breakdown for the budget line for 2.2.01 with regard to what per cent of that goes to aquaculture and what per cent to the traditional fishery?

**MR. HUTCHINGS:** Yes, I just want to be sure, Ms Michael. Which line are you referring to in terms of the amount?

**MS MICHAEL:** I am looking at 2.2.01 now, the whole of that section. We are told in the explanation that this relates to the fishing and aquaculture industries. I am wondering if we can have a breakdown of the percentage, if that is possible.

**MR. HUTCHINGS:** For both the wild and the farmed?

**MS MICHAEL:** That is right, yes.

**MR. HUTCHINGS:** Okay. Can you make a note of that, Dave?

**MS MICHAEL:** I have a couple of questions with regard to the farmed; I think it is a good place to ask it here.

**MR. HUTCHINGS:** Okay.

**MS MICHAEL:** I will just get my questions out.

We all know – I mean it has been public – that we have had continuous outbreaks of infectious salmon anemia. I am just wondering: Is the department looking at all at the closed containment farming?

**MR. HUTCHINGS:** From an innovation, from a business development point of view, we are obligated to look at all technologies and all innovation.

Any time there is new information in regard to land-based aquaculture, we always review that. We have some staff who have gone to various conferences on land-based aquaculture to find out what the newest and the latest is. To date, to the best of my knowledge, there is not a commercially viable land-based aquaculture. There are various projects –

**MS MICHAEL:** Nowhere?

**MR. HUTCHINGS:** There is one in BC that I am aware of. Again, if someone can demonstrate, and there are investors to do it, we are certainly not against it. We try and keep up, and our staff does keep up, in regard to moving forward in terms of that technology and what is happening in that type of industry.

**MS MICHAEL:** Are you saying there is nowhere where they are using the contained farming that is commercially viable?

**MR. HUTCHINGS:** I do not know for Atlantic salmon or salmon if it is – Brian, do you want to speak to that?

**MR. MEANEY:** Closed containment is used for quite a number of species around the world. Mostly warm water species and that are mostly herbivorous fish, those who feed on plants. Closed containment for aquaculture is used – we have two closed containment facilities in Newfoundland, one in Stephenville and one in Bay d’Espoir that produce salmon smolt.

The reality is taking a fish from an egg to a market-sized salmon in a closed containment system right now – there was a major piece of work undertaken under the auspices of the Canadian Council of Fisheries and Aquaculture Ministers who looked at that. They found that most aquaculture facilities of that nature would

not be economically viable. So they assisted the Namgis First Nation in British Columbia to do a pilot scale operation out there to demonstrate economic viability.

There are a number in process around the world. None of them have proven economically viable to date. There have been at least three conferences in the last eighteen months, which we have participated in, and the general consensus is that it requires more time, additional engineering, and additional technology to be viable.

**MS MICHAEL:** Okay, thank you.

I think I have all of the questions for that section. Excuse me; I am following my notes here. If we could come to 2.2.04, please, under Salaries, the budget for last year was \$445,000, it went down to \$386,000, and this year down to \$267,000 approximately. Could we just have an explanation of that?

**MR. HUTCHINGS:** The \$386,400, which was revised, was expenditures related to a temporary employee under the Fishing Industry Renewal program. It was a policy, planning and research analyst being charged to another division, the Licensing and Quality Assurance Division, as opposed to Innovation and Development where the funds were budgeted for 2013-2014.

**MS MICHAEL:** Then this year it is down to \$267,000.

**MR. HUTCHINGS:** Do you want to speak to that, Dave? You go ahead.

**MR. LEWIS:** The funding, as I mentioned previously, on the issue of salaries during the zero-based budgeting exercise, the objective was to get money in the right places for the actual positions that were there. In this particular case, the revised budget for 2013-2014 is down from the original budget. The reason for that, if you look at 2.2.02, you will see that Salaries are actually up by \$60,000-odd.

**MS MICHAEL:** Yes.

**MR. LEWIS:** The issue is that the policy analyst for licensing, the funding was actually included in this particular activity, but it should



have been included in Licensing and Quality Assurance. That accounts for the difference in the projected revised versus the budget.

Then, for the coming year, the decision was made to include all of the temporary positions related to Fishing Industry Renewal under the Fishing Industry Renewal activity. So that would be 1.4.01, and the minister spoke to that previously when he indicated that there were three positions that were moved – the funding for those was moved under Fishing Industry Renewal.

We had one in development, one in marketing and one in licensing, so all three of those positions are now showing up under 1.4.01. There is no difference in the number of positions. Funding is showing more appropriately than it was previously.

**MS MICHAEL:** Great, thank you very much.

Under the same head, 2.2.04, Purchased Services, the line last year was \$61,600, revised down to \$40,000, and this year it is up to \$152,900. What is anticipated there?

**MR. HUTCHINGS:** The variance for budgeted and revised, there were less than anticipated expenditures for items such as rent and lease of office equipment. That is meeting rooms, meeting, advertising, and those types of things.

Then for the budget for 2014-2015, it was due to reversal of \$150,000 that was re-profiled from Purchased Services under Innovation and Development for a three-year period to conduct additional fisheries research, as well as a trade-off of \$58,700 in Purchased Services funding in order to convert a contractual position we talked about earlier, contractual sealing consultant position, to a temporary position under Planning and Administration.

Dave, do you have anything further to add to that? It is switching around a position, I guess.

**MR. LEWIS:** We have had a contractual sealing consultant position for a number of years, so a decision was made to make that a temporary position rather than a contractual position. The department transferred funds to accommodate that.

In this particular area, as the minister pointed out, there was funding that had been moved out of this activity for a three-year period that was moving back in. So, a portion of that was used to help offset the salary cost, and the remainder is budgeted here and would be utilized for some of the seal support work that we have been doing.

**MS MICHAEL:** Okay, thank you very much. I think that is all that I have there.

Under 2.2.05, Seal Product Inventory Financing, could you just explain that to me, please?

“Appropriations provided for a repayable loan to support the continued operation of seal processors.” Is that just \$3.6 million that comes out of the general revenue that is there for the loans?

**MR. HUTCHINGS:** That is the Carino Limited, the inventory financing that we provided for the last year. I think it is \$3.4 million –

**OFFICIAL:** It is \$3.6 million and there was interest on it.

**MR. HUTCHINGS:** It is \$3.696 million. So that would include what was drawn down, what was paid back, as well as the interest.

**MS MICHAEL:** That is right. I remember hearing they had it all paid back.

**MR. HUTCHINGS:** Yes, Carino, two years ago, met the requirements, and again this year they met the requirements. They have also advised us actually for this year, due to their investors – we have offered the inventory financing. We met with them. They came in recently and told us thanks, but they do not need the inventory financing. They will be operating on their own, which is good news for the sealing industry.

**MS MICHAEL:** I heard that in the news. I thought it was good news also.

Thank you.

**CHAIR:** Ms Michael, are you finished that section?

**MS MICHAEL:** Yes, thank you.

**CHAIR:** Okay.

I am going to go back to Mr. Slade.

**MR. MITCHELMORE:** (Inaudible).

**CHAIR:** Oh, Mr. Mitchelmore, sorry. Go ahead.

**MR. MITCHELMORE:** Thank you.

Minister, I would like to ask questions first, to start back at the beginning. Last year, there were two assistant deputy minister positions that were eliminated, and this year you have also noted that there was another assistant deputy minister position eliminated. Is that correct?

**MR. HUTCHINGS:** No.

**MR. MITCHELMORE:** Okay. There were two cut last year and none cut this year?

**MR. HUTCHINGS:** Yes.

**MR. MITCHELMORE:** Okay.

Do you have the fisheries auditor on staff? Is there any fisheries auditor under the Compliance and Enforcement section?

**MR. HUTCHINGS:** Yes. I think there is one, and one vacant; is that right?

**OFFICIAL:** We are in the process of just recently vacating and refilling –

**MR. HUTCHINGS:** We just lost a person and we are in the process of refilling that second position.

**MR. MITCHELMORE:** So, you do have one person on staff?

**MR. HUTCHINGS:** There are two in total, isn't it?

**OFFICIAL:** Yes.

**MR. MITCHELMORE:** What about the aquaculture and licensing inspection? Do you have any staff that is there for fisheries

inspection, co-ordination in that section of the budget?

**MR. HUTCHINGS:** Yes. Brian, do you want to take that?

**MR. MEANEY:** I am not clear on the question; I am sorry.

**MR. MITCHELMORE:** I am asking: What staff do you have associated with aquaculture licensing and inspection.

**MR. MEANEY:** There is two staff with the aquaculture licensing inspection group: an aquaculture licensing manager and an aquaculture licensing co-ordinator.

**MR. MITCHELMORE:** Okay.

How many audits have taken place, whether it be processing facilities or on aquaculture sites?

**MR. MEANEY:** On aquaculture sites?

**MR. MITCHELMORE:** Yes.

**MR. MEANEY:** There are approximately 150 aquaculture sites around the Province. Last year, I think we completed 142 inspections on all of those sites. Those are site inspections, the biophysical site, if you like. In addition to that, we did about 18,000 diagnostic tests on fish health around the same time. That would be on the finfish sites.

**MR. MITCHELMORE:** Okay.

Are there any audits that fall under federal jurisdiction for fish processing facilities?

**MR. HUTCHINGS:** No, processing would be provincial – 2.2.03.

**MR. MITCHELMORE:** Okay.

What percentage of processing plants received an audit?

**MR. HUTCHINGS:** In 2013, there were 3,500 inspections conducted pertaining to raw product requirements, handling and holding conditions on vessels, trailers and unloading sites, buyers and processing licence compliance checks and

point of export inspections at Port aux Basques. There were seventeen audits conducted on licensing processing facilities in 2013.

**MR. MITCHELMORE:** Okay.

Would we be able to get a list, a breakdown by location of the positions in your department since there has been a change out from the previous year, and since some people have been re-profiled and things like that?

**MR. HUTCHINGS:** Like an organizational chart or something?

**MR. MITCHELMORE:** Yes, if that is possible.

**MR. HUTCHINGS:** Yes, sure.

**MR. MITCHELMORE:** Under 1.4.01, Grants and Subsidies, you listed \$1.43 million and that was for the Fish Plant Worker Employment Support Program. We had a number of fish plants closed last year. How many workers were supported under this fund? I would just like to know the displaced workers and the number that were actually supported.

**MR. HUTCHINGS:** Fish plant closure employment supports for 2013-2014 was \$1.124 million and that was specific to Burin, Jackson's Arm, and Hant's Harbour. The total workers served were seventy in Burin, \$598,000; Jackson's Arm, fifty-three, \$444,000; Hant's Harbour, eleven workers served, \$82,000.

**MR. MITCHELMORE:** You do not have a list of the number of employees who were working at the plant that found other employment, as well.

**MR. HUTCHINGS:** Employment at Burin was 147, Jackson's Arm was ninety-four, and Hant's Harbour was 181.

**MR. MITCHELMORE:** Okay.

I would like to ask questions specifically around the co-ordination support services when it comes to these additional employees for the Canada/EU Comprehensive Economic and Trade Agreement, and the Fisheries Investment Fund. Is there information that your office can provide

around the landings that have actually gone to Europe, by species? Is that something that can be provided?

**MR. HUTCHINGS:** Landings here that have gone to the EU?

**MR. MITCHELMORE:** Yes, for example, the amount of shrimp that has been sold in the EU, the amount of crab that has gone to the EU, pelagics that have gone to the EU. Is that something that is budgeted for that these people would be analyzing?

**MR. HUTCHINGS:** Stats Canada would certainly have it. I do not know if – we know what the production has been here and where it has been exported to. I guess that is what you are asking, right?

**MR. MITCHELMORE:** Yes. In your seafood year in review you list a percentage of how much of your product goes to different countries - that goes to the UK, or goes to Europe, Japan, or the United States. It lists a percentage. It does not do a breakdown by species.

**MR. HUTCHINGS:** Oh, okay.

**MR. MITCHELMORE:** I am just wondering if that information is available or could be available through your department?

**MR. HUTCHINGS:** I think we definitely could track it down.

Go ahead, Dave.

**MR. LEWIS:** We collect all the production stats from each processor, so we know how much product was processed, whether it is shrimp or cod or whatever the product is and what product form it was processed in.

In terms of the market destinations, we do not collect that information. Stats Canada collects it. The stats from Stats Canada are not great. They are good in terms of being able to get an idea of the percentage, say, of shrimp that went to Europe versus the US or somewhere else, but to tie those numbers into a Newfoundland production, the Stats Canada numbers are always way lower for some reason or another. We use those numbers for percentages purposes.

In our year in review you will see a chart and it shows 20 per cent went to Japan, or 40 per cent went to the US or whatever. We would have that calculated out by species, but the volumes do not tie in, really, because the Stats Canada numbers just do not match up with production numbers.

**MR. MITCHELMORE:** Does your department, or would it be DFO, have the restrictions for a product, the tariffs as they go into different countries?

The minister talks that CETA is going to reduce, for example, shrimp tariff, reduce crab, by these percentages. Do you have a list of what the current tariffs are and what they will be reduced to over a period of time?

**MR. HUTCHINGS:** Under CETA?

**MR. MITCHELMORE:** Yes, and what they currently are.

**MR. HUTCHINGS:** Yes, definitely, that is all part of the agreement. We can make that available, where they are projected to go, what they are today, and what the phase-out period would be.

**MR. MITCHELMORE:** Are these people doing an analysis based on the product that is destined to Europe to see how Newfoundland and Labrador is going to benefit from this?

**MR. HUTCHINGS:** Benefit in regard to the barriers being down and then as a marketer, as a seller?

**MR. MITCHELMORE:** Yes.

**MR. HUTCHINGS:** You have a new option, you have a new market. In Japan or China, you could have someone now who is a great customer. They may never want to go to the EU because they are happy with what they are getting in that market or in the US.

**MR. MITCHELMORE:** Right.

**MR. HUTCHINGS:** It just takes down the barriers and allows that opportunity to exist, and there is more competition for your product.

**MR. MITCHELMORE:** You said you are going to be doing public consultations on CETA itself. Do you have a specific dollar value in this section? Was it the \$29,000 under the Transportation and Communications piece? We are doing the public consultation, or will it come out of another area of –

**MR. HUTCHINGS:** It will come across the board. We have four staff and we have travel and communications in various parts of the budget there. So we are satisfied we will be able to accommodate what we need to do.

**MR. MITCHELMORE:** Okay.

Would you be able to provide the revenues that would come from the licensing here in the Province for fish processors and aquaculture? Because last year the fees had increased quite a bit under the budget. I am just looking for what the revenue is and the breakdown of people who would have multi species licences, people who would have different, and what actually is being collected, because with plant closures and consolidations and things like that, it certainly has an impact on the bottom line for DFA.

**MR. HUTCHINGS:** Sure. Do you want just the number of fees collected and what the value is?

**MR. MITCHELMORE:** Yes, by licence.

**MR. HUTCHINGS:** Okay.

**MR. MITCHELMORE:** Also, by company if possible. I cannot see how there would be any commercial sensitivities to make sure that all companies are paying their fees and in compliance would be positive.

**MR. HUTCHINGS:** Well, they had to be paying their fee to get their licence, right?

**MR. MITCHELMORE:** Yes, but I guess to have that clear that the fees are being paid.

I have some questions when it comes to the Canadian Fisheries Ecosystems Research under the Sustainable Fisheries Resources and Oceans Policy. How much, particularly under the Grants and Subsidies, is going towards CFER?

**MR. HUTCHINGS:** Can you let me know where you are, what section?

**MR. MITCHELMORE:** I believe it is under 1.3.02, Sustainable Fisheries Resources and Oceans Policy. It would fall under Grants and Subsidies. There is \$2.8 million there.

**MR. HUTCHINGS:** For CFER for 2014-2015, it would be \$2,350,000; coastal and oceans management is \$150,000; fisheries science and cod recovery is \$300,000.

**MR. MITCHELMORE:** Is there any reason why there is such a reduction in CFER and the type of research that we are doing? Under the 2012-2013 budget it was \$3.75 million. Has there been a change in direction as to the research?

**MR. HUTCHINGS:** I am not sure where you are in terms of \$3.75 million.

**MR. MITCHELMORE:** Well, that is what the budget for CFER was in 2012-2013 budget and we are looking at what you listed going into 2014-2015 as \$2.35 million. So I am just asking why, over that period, CFER being cut by \$1.4 million.

**MR. HUTCHINGS:** We have not cut CFER. I am not sure of the numbers you are referring to. There were no cuts to CFER funding.

**MR. MITCHELMORE:** The minister provided me with a list of breakdowns, your colleague, Minister Dalley, when he was in his role, the list that the sustainable budget for CFER back in 2012-2013 was \$3.75 million. That is what was budgeted. That is what was revised. Now, in this year's budget 2014-2015, we are seeing it at \$2.3 million.

**MR. HUTCHINGS:** Do you have anything to add to that?

**MR. LEWIS:** I can say a little something to it.

**MR. HUTCHINGS:** Yes.

**MR. LEWIS:** The cost to run CFER, including the chartering of the *Celtic Explorer*, is approximately \$2.6 million a year now. This current year, we do have a budget of \$2.35

million. The reason for that is the Irish are conducting research on the vessel as it comes across the Atlantic. In fact, it is ongoing at the moment. They are covering the transit cost to bring the vessel to Newfoundland this year, rather than CFER having to pay for it. That is a savings of \$250,000.

This year it is \$2.35 million; next year, it is not showing here in the Estimates, but in the forecast for next year there is an additional \$2.6 million for CFER for an additional year.

**CHAIR:** Mr. Mitchelmore, I am going to have to cut you off there.

**MR. MITCHELMORE:** Yes, sure.

**CHAIR:** I am going to go to Ms Michael. Ms Michael, we are going to take a ten-minute break. There is only one person in the Broadcast Centre and I want to give them a break if they have to stretch their legs or go to the washroom.

Guys, if we could come back here in ten minutes, we will give the one individual in the Broadcast Centre a chance to take a break.

Thank you.

### Recess

**CHAIR:** Okay, ladies and gentlemen, I think we are ready to start again.

Ms Michael, I am going to start with you.

Thank you.

**MS MICHAEL:** Thank you very much, Mr. Chair.

I do not have a lot of questions left; I do have some.

Under 3.1.02, "Appropriations provide for equity investment in aquaculture operations...." Last year the budget line was \$3.4 million, revised down to \$1 million, and this year it is up to \$6 million. Is the department anticipating loans or advances that have not been around before?

**MR. HUTCHINGS:** Last year, there was \$3.4 million budgeted; it was only \$1 million in the revised –

**MS MICHAEL:** Who got that \$1 million, Minister?

**MR. HUTCHINGS:** That was Newfoundland Aqua Services. It was a net washing new operation down in Milltown.

**MS MICHAEL:** Okay.

**MR. HUTCHINGS:** There was \$1.4 million in the original budget for Gray Aqua Group expenses in 2013-2014 not spent due to the financial situation. So, that money was not distributed. As well, there was a carryover of \$1 million – we talked about Newfoundland Aqua Services – to 2014-2015. So, the rest of that fund will be paid out in the next fiscal year.

In regard to your question on 2014-2015 under the Aquaculture Capital Equity Program, we believe there is going to be further requests for developments so we wanted to make sure that we have money in the budget for it.

**MS MICHAEL:** Right, okay.

Since you mentioned Gray Aqua, I think this is the place for me to ask my question then. It was ISA that contributed to the bankruptcy of Gray Aqua, but could you give us an update on the status of the \$3.8 million equity share that the Province had in Gray Aqua? Did that go down the drain?

**MR. HUTCHINGS:** Gray Aqua owes the Province \$4.83 million. That is \$1 million from a 2009 investment and \$3.83 million from a 2011 investment. So as you are probably aware, they went through a restructuring and that was approved by the bank. Now they are, I guess, back in operation.

**MS MICHAEL:** Do we expect to get that money back?

**MR. HUTCHINGS:** Certainly, yes. We would hope.

**MS MICHAEL:** When?

**MR. HUTCHINGS:** Well, all of these equities are over a time frame. What is the time frame for –

**OFFICIAL:** Seven years.

**MR. HUTCHINGS:** Seven years was the time frame for Gray.

**MS MICHAEL:** Okay, thank you very much.

With regard to aquaculture production volume, does the provincial production volume include stocks that had to be destroyed or is the production volume the net?

**MR. HUTCHINGS:** No, production would be actual production. It would not be related to ISA or anything like that.

**MS MICHAEL:** Okay, thank you very much.

**MR. HUTCHINGS:** I guess market ready is the term, is it?

**MS MICHAEL:** What is it?

**MR. HUTCHINGS:** Market ready, what goes into the market.

**MS MICHAEL:** That is the production volume, what is market ready.

**MR. HUTCHINGS:** Yes.

**MS MICHAEL:** Okay, thank you very much.

Well, for last year it was only one place, right? I was looking at 3.1.02 again thinking about a list, but in actual fact we do know where the \$1 million went. So, that is fine; we have that information.

In 4.1.01 in the Operating Accounts, under Supplies you maintain a \$25,000 for Supplies there – what would that cover? Because you only spent \$5,000, yet you have maintained \$25,000 under the Operating Accounts.

**MR. HUTCHINGS:** Supplies – this is related to Aquaculture Licensing and Inspection; that was used for gasoline, fuels, maintenance of vehicles and boats, and some office supplies. Just due to less than anticipated expenditures

associated with office supplies in regard to the budget of \$25,000 to \$5,000, and I guess that has been the historic amount. We budgeted again \$25,000 for this current fiscal year.

**MS MICHAEL:** Okay, so I think it is a normal budgeting practice.

Under 5.1.01, under the Operating Accounts, these Supplies – now this would be different, of course, the Supplies here – \$230,000 was budgeted and revised down to \$130,000. I guess the question would be: Why was it \$230,000 in the beginning? You have maintained it at \$130,000, so that sounds like what would be the normal expectation. Do you have any idea why it was up as high as \$230,000 in the budgeting?

**MR. HUTCHINGS:** I know the change –

**MS MICHAEL:** Downwards.

**MR. HUTCHINGS:** Yes, it went from \$230,000 to \$130,000. It was due to less than anticipated requirements due to increased usage of outside laboratories. I am not sure – Dave, do you want to speak to that, if you can?

**MR. LEWIS:** Yes.

Across those four Operating Accounts – the Supplies, Professional Services, Purchased Services, and Property, Furnishings and Equipment – the right amount of money is there in the four operating accounts, and the department has the flexibility to move the money around during the year as it is required.

In this budget process, we decided to look back over the last couple of years because we did have significant variances that we saw in 2013-2014. This was really an effort to right size the budget in each of those accounts in 2014-2015, because we found that we are often overrunning in certain of those operating accounts and underrunning in others. So we have reallocated the funds to better reflect where the actual expenditure items are.

**MS MICHAEL:** I presume that is your explanation then with regard to the Purchased Services with –

**MR. LEWIS:** All four of those items, yes.

**MS MICHAEL:** All four of those.

**MR. LEWIS:** Yes.

**MS MICHAEL:** Okay, so what you have now in 2014-2015 you expect to be more realistic in terms of the budget line?

**MR. LEWIS:** Yes.

**MS MICHAEL:** Okay, thank you.

Under Grants and Subsidies, what would these grants and subsidies be for?

**MR. HUTCHINGS:** Those were to provide assistance to industry through the Atlantic Veterinary College, and funding provided to the Newfoundland Aquaculture industry to look at aquatic animal health, workshops, speakers, those types of things.

**MS MICHAEL:** Right. Thank you.

Mr. Chair, those are all the line item questions I have, so I am willing to stop here. Then I may have some other questions to throw in afterwards, okay?

**CHAIR:** Fair enough, Ms Michael, okay.

Mr. Slade, we will go back to you.

**MR. SLADE:** Back to 2.1.01, we will go back there.

**MR. HUTCHINGS:** What was it again, Mr. Slade?

**MR. SLADE:** It is 2.1.01. That is where I left off the last time.

**MR. HUTCHINGS:** It is 2.1.01?

**MR. SLADE:** Yes.

**MR. HUTCHINGS:** Okay.

**MR. SLADE:** Under Transportation, who utilized a good portion of this line item? What is the breakdown of it?

**MR. HUTCHINGS:** The division is responsible for the technical engineering service to the fishing and aquaculture industry.

Brian, do you want to speak to that in terms of maybe breaking it out?

**MR. LEWIS:** Transportation and Communications for regional services includes all of our regional staff located in about fourteen offices, fifteen offices around the Province. It includes three regional directors, four development officers, and it includes a number of inspection staff. I cannot remember the exact number, but I think it is probably in the order of twenty or so. So, all of those are budgeted within this one activity.

**MR. SLADE:** Purchased Services, can the minister explain who received this money and provide a list?

**MR. HUTCHINGS:** Yes. That, again, would be a lot of office rental, office repair, maintenance, and other fisheries properties owned by the department, upgrading. We can give you a list of what that was under Purchased Services.

**MR. SLADE:** Yes, and of course, the Grants and Subsidies, who received these and why? Can the minister provide a list?

**MR. HUTCHINGS:** Yes, the Special Assistance Grants.

**MR. SLADE:** Okay.

I take note up on the top there, repair of all government-owned facilities. Can the minister provide a list of where these are located, those government-owned facilities?

**MR. HUTCHINGS:** Yes.

**MR. SLADE:** Okay.

**MR. HUTCHINGS:** We have it here already. There are not a lot of facilities left, but it is broken down by region here. In the bottom list, that is what it is there, 2013-2014.

**OFFICIAL:** Yes, it is fifty-seven in total.

**MR. HUTCHINGS:** Okay, yes. There are fifty-seven in total. So what we will do is pass this list on to you.

**MR. SLADE:** Thank you, Sir.

**MR. HUTCHINGS:** Okay.

**MR. SLADE:** Under 2.2.01, Transportation. Is there any amount used to travel to trade shows, like the Boston Seafood Show. If not, where does the money come from?

**MR. HUTCHINGS:** That one there is to cover the travel costs of employees and third parties attending national and international trade shows. So that would be for staff, the Boston Seafood Show, and shipping charges on anything we are shipping to the show, that kind of thing.

**MR. SLADE:** Can I ask the minister, when you are travelling to a seafood show, who usually attends those shows?

**MR. HUTCHINGS:** Who attends them?

**MR. SLADE:** Yes.

**MR. HUTCHINGS:** We have two people who attend from marketing – what is that?

**OFFICIAL:** (Inaudible).

**MR. HUTCHINGS:** Yes, okay.

We have marketing folks who interact with people who go from our Province in terms of companies, marketing, that type of thing. I think we had two staff in Boston – as well, I attended.

Who else attended, Dave?

**MR. LEWIS:** Myself and Brian.

**MR. HUTCHINGS:** Yes.

**MR. SLADE:** Do we pay for industry to go? No.

**MR. HUTCHINGS:** We do pay smaller companies sometimes, maybe 50 per cent from smaller processors, that type of thing. We do often help them, but that would be the smaller groups; and those new, the first time going to a



show or something like that. We may provide assistance in that case.

**MR. SLADE:** Can we get a list for the latest one on who went?

**MR. HUTCHINGS:** The Boston Seafood Show?

**MR. SLADE:** Yes, please.

**MR. HUTCHINGS:** Yes.

**MR. SLADE:** The Grants and Subsidies this time around, why was none of the money used? What was it intended for? There is a significantly less ask for this year, why?

**MR. HUTCHINGS:** Yes, that was in regard to – I think, Ms Michael, we talked about that in regard to the marketing money under the MOU. The \$2.6 million that we talked about, we had some interaction with industry in regard to using that – in a consortium, is it called, Dave? Is that what it is called?

**MR. LEWIS:** (Inaudible).

**MR. HUTCHINGS:** In the seafood marketing council, both of those, and there was an uptake. That was the last year. That was the sunset for that year, but we did this year budget \$200,000.

**MR. SLADE:** Okay. Thank you, Sir.

Just a quick question; Minister, has the Province considered a local marketing initiative to ensure our products are sold here rather than us having to buy fish products from other places around the world?

**MR. HUTCHINGS:** Like domestic sales in here?

**MR. SLADE:** Yes.

**MR. HUTCHINGS:** Do you want to take that?

**MR. MEANEY:** We do quite a number of promotions through a variety of groups around the Province, through the Seafood Producers Association, the Aquaculture Association, and Newfoundland Chefs Association. We sponsor and provide seafood to culinary events that

happen in the Province and outside to promote Newfoundland products, Hospitality Newfoundland. There are quite a number of events and supports that we provide through our Grants and Subsidies program to promote Newfoundland seafood on a regional and local basis.

**MR. SLADE:** Is this something that we can pursue further?

**MR. HUTCHINGS:** I think so. I think access to local product is important. We need to do a bit more work in that regard in getting access to local products. I agree with you there. It is funny, in Newfoundland in some places you go you cannot get access to local products. So that is something we have started to take a look at in how we make that more readily available in all regions of the Province.

**MR. SLADE:** Thank you, Minister.

**MR. HUTCHINGS:** Yes.

**MR. SLADE:** Under 2.2.02, Salaries. How many people are employed in this section? What percentage is in St. John's versus outside?

**MR. HUTCHINGS:** I do not know if we have that offhand, but we can certainly provide it.

Do you have it there? You go ahead, Dave.

**MR. LEWIS:** Licensing and Quality Assurance Division has five staff. All five are located in St. John's. The division is located at the Petten Building.

**MR. SLADE:** Okay.

Where did the extra revenue come from and why is there none expected this year? What are they doing differently?

**MR. HUTCHINGS:** This higher than anticipated revenue is associated with fish buyers and fish processors' licences during the year. As was mentioned earlier, the fees went up, so that is additional administration. As well, there were additional administrative penalties that were collected during the year, as well as licences for additional species and early renewal

of some existing licences, which is up from 450 to 575.

In regard to the estimate for 2014-2015, there is reclassification of revenue from related to current. Related revenue is a direct result of current and capital expenditures incurred and are displaced in the detailed departmental estimates. This is the one, I think, that is going into the overall revenues of the Province for fees and those types of things. It is not going to show up in our budget line anymore.

Do you want to explain that a bit further, Dave?

**MR. LEWIS:** Perhaps I could ask Phil Ivimey, our Controller, to explain that one because it is the Department of Finance that decided that this was the appropriate way to deal with it.

**MR. HUTCHINGS:** Yes sure, go ahead.

**MR. IVIMEY:** This variance is primarily due to, like the minister stated, a reclassification of the revenues.

There are two types of revenues that are displayed within the Estimates. One is related revenue, which is a direct result of current and capital account expenditures. Those revenues you will see displayed within the department's detailed estimates.

Then there are current account revenues, which are provincially generated sources, such as taxations and fees. You will not see those sources of revenues within the individual departments. They are at the beginning of the Estimates document as an overall provincial source of revenue.

In conjunction with the Department of Finance, we realized that this revenue was incorrectly classified as related revenue and being stated within the department, because our aquaculture licences are current account revenues and you do not see those displayed within the department. So, to ensure consistency, we reclassified these revenues as current account revenues as well.

At the very beginning of the Estimates document, underneath provincially-generated sources, is now where you will find the revenues for our fish buyer licences, as well as our

aquaculture licences. So the revenue is still being collected, it is just a reclassification for presentation purposes within the Estimates.

**MR. SLADE:** Okay.

I will move on to 2.2.04, Salaries. Why was less spent? Is another department doing the work? Was anyone let go, or are all of these jobs in the St. John's area?

**MR. HUTCHINGS:** Do you want to take that?

**MR. LEWIS:** As indicated, I think I mentioned previously, there were two issues with salaries in this particular activity. One was that there was – the reason the revised number is down in 2013-2014 in comparison to the original budget is that funding was put there for a policy analyst under Licensing and Quality Assurance, but it was reflected here instead of under Licensing and Quality Assurance.

If you look at the activity that relates to Licensing and Quality Assurance, which I cannot remember exactly the one now, but it is – just bear with me a second – 2.2.02. You will notice that in the revised number in 2.2.02 the Salaries are up. It is above the budgeted amount. The difference between those two is the position was supposed to have been reflected here and not over in the development division that we were just looking at in 2.2.04.

For the current year, 2014-2015, there was a temporary position for marketing, one for development, and one for licensing, which we are showing in the different activities but they were all related to the Fishing Industry Renewal Initiative. There was a decision to move all of those positions under Fishing Industry Renewal so that they would all be in one place rather than having them distributed out amongst the activities.

All of those, as the minister indicated previously, are now showing up as a part of the salary budget in 1.4.01. You will notice the salary number is \$600,000 larger in 2014-2015 than it was in 2013-2014. That is for two reasons. One is there were three positions. One in licensing, one in development, and one in marketing, which were temporary positions under Fishing Industry Renewal, which are now

being reflected here. There is no change in the number of positions, just where the salaries are being voted. So they are all in one place and easier to keep track of.

The other \$400,000, as the minister mentioned previously, is related to funding for planning related to the CETA fisheries fund.

**MR. SLADE:** Okay.

Fisheries Technology and New Opportunities Program, this program is not directly listed in the Budget. Can the minister tell us if it is included there?

**MR. HUTCHINGS:** Is that 2.2.04?

**MR. SLADE:** Yes, 2.2.04.

**MR. HUTCHINGS:** Fisheries Technology and New Opportunities Program is \$2 million. That is what is in this year's Budget. It is in the Grants and Subsidies of the \$3.525 million.

**MR. SLADE:** Under Grants and Subsidies?

**MR. HUTCHINGS:** Yes.

**MR. SLADE:** Can the minister provide us with how many projects have been approved to date and at what cost?

**MR. HUTCHINGS:** Yes. I think it is 240 projects at about \$12 million, but we can have the list if you want the list.

**MR. SLADE:** Excuse me, Minister?

**MR. HUTCHINGS:** It is 240 projects to date at about \$12 million. We can do it by year, I guess. I have a list here of what last years was. We can make that available to you.

**MR. SLADE:** Sure. Thank you.

Would the minister consider posting that sort of information on-line?

**MR. HUTCHINGS:** What's that?

**MR. SLADE:** The programs and one thing and another, would you consider posting that on-line?

**MR. HUTCHINGS:** Do we post it now?

**OFFICIAL:** It is on-line.

**MR. HUTCHINGS:** It is on-line.

**MR. SLADE:** It is on-line now? Are all the details there?

**MR. HUTCHINGS:** Go ahead, Krista.

**MS QUINLAN:** When the funding is announced for FTNOP, there is a news release which is available on our Web site. Then when the projects are completed, after the contracts have been finished and all the funding has been dispersed, we do project summaries that are placed on our Web site, under the FTNOP section of our Web site. Then those are also distributed throughout industry because one of the key components of this project is to improve the knowledge base and improve research and innovation activities for the industry. So it is available to the public.

**MR. SLADE:** Is that posted on Fisheries or IBRD?

**MS QUINLAN:** It is on Fisheries and Aquaculture.

**MR. SLADE:** Fisheries.

Thank you.

The sealing industry, 2.2.05, you mentioned earlier that last year you made a loan to a certain company and, of course, they paid off the loan and did not need any assistance this year. That is great for the industry and it is certainly thumbs up on that one there.

**MR. HUTCHINGS:** Good.

Thank you.

**MR. SLADE:** Mr. Minister, I would just like to ask you a question. Carino was out and they have indicated that they are going to buy 60,000 pelts this year. Do you know of any other companies out there that are going to be purchasing seal pelts this year?

**MR. HUTCHINGS:** Carino has indicated that they will be purchasing again this year. I have met with the Sealers Association, or Sealers Co-op I guess, and we are looking at an option possibly for them because there is some concern in regard to harvesters wanting to harvest and being able to have a buyer.

Right now, Carino is the only buyer in the Province. For the last couple of years, I guess, they bought through the Co-op. This year they have decided not to do that, and that causes some challenges from the Co-op. I met with the Co-op and all concerned. We are looking at a possible alternative to how, or some way to help through the Co-op. We should be able to decide on that very shortly, recognizing where the industry is today, and the sealing industry started today.

**MR. SLADE:** Yes. I am encouraging government to do that because taking 60,000 animals out of a large resource like that, it certainly does not play out well for the harvesters or their families. It is not a lot of pelts to land, so if –

**MR. HUTCHINGS:** Yes. The only thing we have to caution is that we have come so far in re-establishing the markets and doing the right thing. We just have to strike that balance. We do not want to infringe on the success we have had, but we are certainly cognizant of the fact that we want to help harvesters and the Co-op and do what we can. We have to strike that balance, and that is what we are trying to do.

**MR. SLADE:** Mr. Minister, I just want to ask this question because I am the new kid on the block, more or less. I just wanted to ask this question because I was not around here in this place when the CETA deal was contemplated.

At one point in time, was the sealing industry or the deal with the EU, were seals on the table?

**MR. HUTCHINGS:** No, not in my time. I was Minister of IBRD for two years and the trade minister.

The WTO proceedings had already begun in regard to the appeal. That was the protocol for the appeal of the ban in the EU, and that was already ongoing. So, from the federal point of

view, they had, I guess, acknowledged that that was the process that was in place to deal with appeals with the WTO and that is the route it took.

**MR. SLADE:** Under 3.1.01, Salaries. Why did you need nearly \$90,000 more than anticipated? Who was hired? Where is this person located? Would that be somebody through fisheries?

**MR. HUTCHINGS:** Let me see. The budgeted was \$859,000; it went to \$947,000 revised. That is variance due to the requirement for a temporary wharf technician position related to aquaculture biosecurity, as well as OT required to complete work and ISA surveillance. That is why the budget went up to \$947,500.

Then the estimate for 2014-2015 of \$929,100, there was a realignment of salary funds within the department as part of a zero-base salary exercise that was conducted for 2014-2015, as well as budget salary increases as per the collective agreement.

Funds provided are in alignment with program requirements for 2014-2015. So that is where we are with the \$929,100 for this year.

**MR. SLADE:** Thank you, Mr. Minister.

What is the latest on an update on the strategy? Are we there? Are we close to being there or are we doomed?

**MR. HUTCHINGS:** Yes, in the months ahead – we had a very good consultative process from industry and all stakeholders. We had a lot of feedback. I am trying to think of the priorities there, certainly biosecurity, infrastructure, those came out loud and clear; communications.

There was very good feedback to and fro. I think it was very timely in terms of where we are and the growth we have seen in the aquaculture industry, and what the growth ahead looks like. It has been very successful to date in terms of almost \$200 million in production value. We have seen significant jobs in employment and support services.

I guess my point – and I made it clear when I spoke at the conference in Gander – was that recognizing we have significant growth but we

need to reassess where we are and make sure that we have the biosecure measures in place and we have the infrastructure in place to prepare ourselves for future growth. I think the industry realizes that too.

So, that is where we are, and I think in the months ahead it is clear that we will be ready with our next strategic plan for the next number of years.

**MR. SLADE:** Will the Province produce a draft strategy, a White Paper on that issue?

**MR. HUTCHINGS:** A draft strategy?

**MR. SLADE:** Yes, or a White Paper, whatever.

**MR. HUTCHINGS:** We will have a public strategy that reflects – we will put out a document of what we heard, all of the presentations, and from that we will evolve that into our vision for the next five to ten years, and it will be a public document again.

**MR. SLADE:** Can we get some comments that came out of what we heard?

**MR. HUTCHINGS:** Did we produce documents?

**OFFICIAL:** (Inaudible).

**MR. HUTCHINGS:** Yes. What we heard is the document is on-line, so that reflects what was heard by all people who participated.

**MR. SLADE:** Okay.

Does the minister intend to allow for expansion to the industry before the strategy is completed?

**MR. HUTCHINGS:** We will look and do a due diligence. I have not put a moratorium on future growth, or future licenses or anything like that. I will reiterate what I just said. We mean to make sure that we learn from the past, and additional biosecurity measures have been put in place, health management and those types of things. We continue to improve on that.

There is no moratorium, but I have said publicly, and from a department and government perspective, we want to make sure that there is

future growth, but we have to make sure the parameters and everything is in place to accommodate that growth.

**MR. SLADE:** Mr. Minister, does your department have people in place as it pertains to sea lice issues? From time to time with the sea lice issue, of course, they are putting pesticides in the waters. Is that done by a veterinarian – like, the amount?

**MR. HUTCHINGS:** Maybe (inaudible) Dr. Whelan, just to give an overview of – he is director of our veterinary services. I do believe we have three veterinarians on staff. Is that correct?

**OFFICIAL:** That is correct.

**MR. HUTCHINGS:** Maybe just give an overview of that, Dr. Whelan, on what we do.

**DR. WHELAN:** I guess for clarity, you would like to know more about the sea lice program as it exists right now?

**MR. SLADE:** Yes. If you are on a farm site and the aquaculture industry is dealing with, for instance, a sea lice problem, do you prescribe the amount of whether it is pesticides or whatever it is? I really do not know what it is that they actually use.

**DR. WHELAN:** Sure, I guess I will give more context to it as well. Aquatic Animal Health Division has personnel who are allocated for farm sites and do the visits. We have a surveillance program that is called active and passive. So you will visit farm sites when there is no issue – you are just doing that as a routine basis. You visit farm sites when you get a call from a producer that says: We seem to have an issue here. Can you send someone out? So, that is how we get to those sites.

At the time what we do there – there is an allocation responsibility, so the farm site themselves have a responsibility to do the counts and lice counts and see where things are. The veterinarians and technical staff who have been trained will go out and do the counts as well, and then everything is just checked and rechecked. If at that time the veterinary interpretation is that there should be a treatment – it should be kept in

mind, I hear this a lot, but not every farm site is treated. There are factors of why you would, why you would not, there is no sea lice, there is some sea lice. There are many factors that go into making that decision.

When the decision is made and the sea lice are there and you said that may be a health issue, you want to treat those animals, and it is done either in numerous ways. Either in a bath treatment, physically by some other mechanical way of intervening, or it is done by therapeutant, which could be a pesticide or a drug. So all those are factored in deciding what is the best way to do the treatment and what is the best way to do it for the safety of those animals and the other animals that are adjacent to them.

Any prescription that is done, it is done for a pesticide or a therapeutant, which might be a drug. So, a veterinarian has to prescribe those. The dosage is accurately done. The prescription is completed. Sometimes it is in feed, sometimes it is a bath treatment, and therefore the animals themselves get treated for that duration.

Is that clear?

**MR. SLADE:** Yes, pretty good.

Of course, the minister has already touched on the issue of close containment. You touched on that earlier there. According to what I understood you to say was that up this point in time there is nobody who has been really successful at it, as being efficient –

**MR. HUTCHINGS:** Well, I think commercially viable is what we said in regard to salmon, but again it is about investment. If someone was to come to the Province tomorrow and said we have X amount of dollars to invest in land-based aquaculture and we have a business plan that demonstrates that it will be successful, why would we not take a look? We have not seen that.

Our marine-based aquaculture is based on private sector investment just the way land based would be, and that is why partner with them. It has been successful in terms of development and growth. If we get a project, someone walks along, why would we not review it, take a look?

To date, we have not gotten a project. As Brian has indicated, the ADM, there have not been established commercially viable operations to the extent that would allow it to happen.

**MR. SLADE:** Okay, thank you.

Those nets that are there in the water – and I am sure there is a certain amount of wastage to the food that is going into them and the effluent that is coming out of them. Did anybody ever have a look at the ocean's floor after those cages have been there? Is there any life around where those cages are is basically what I am asking?

**MR. HUTCHINGS:** Any life? Like marine life?

**MR. SLADE:** Yes.

**MR. HUTCHINGS:** I would think the ecosystem continues on. I do not know, Brian, if you want to speak to that?

**MR. SLADE:** I am just asking the question because it just (inaudible).

**MR. HUTCHINGS:** Yes, well maybe Brian is best to –

**MR. MEANEY:** All farm licences, before they are put in operation, they do a baseline of the ocean life on the bottom, the seafloor, what is present and what is there. We operate on the basis of fallowing periods. So when you stock fish, you put in the juvenile fish, you can take them out to the market; after they have all been harvested out, that site remains fallow – no fish on her for nine to twelve months, sometimes even longer. During that period the sites are reassessed, they have to go do sampling and check for biological oxygen demand, which is our indicator of the health of that. So they have to come back to an acceptable level before they can stock again.

The impact on the bottom is negligible. If you look at the feed that the fish are – these are very efficient animals, and the bulk of the feed that is being used is absolutely absorbed by the animal. There is a camera in every cage that measures the feed, looks at when the fish are feeding and when they are not feeding, and they are fed accordingly. So the impact on the bottoms – and

the other piece that comes along with that, all our sites are very deep. They are on what we call an erosional bottom. They are not slow currents; it is moving currents, so you would not get a pile up.

These are very healthy sites. Every animal and every plant that was living in and around that site before it started to be farmed are still in and around that site today, so they are quite healthy environments.

**MR. SLADE:** Okay, thank you, Sir.

Under 3.1.02, I think, Mr. Minister, you touched on that a little bit earlier as it pertained to Gray Aqua.

**MR. HUTCHINGS:** Yes.

**MR. SLADE:** Of course, we are hoping to get our investment back out of that company.

**MR. HUTCHINGS:** Sure, yes.

**MR. SLADE:** Under 4.1.01, where are the three salaried positions located in that piece? Is there a licensing of –

**MR. HUTCHINGS:** I do believe it is Grand Falls.

**MR. SLADE:** Grand Falls? Okay.

Mr. Minister, would you consider appointing a staff member within the department to be responsible for making public as much information about aquaculture on the fisheries Web site, where it belongs?

I do believe that for all purposes aquaculture certainly has a harsh name out there and in order for those businesses to succeed, anytime that the government can put out something positive about it versus something negative about it, it would only shore up that industry. By having such a person to make sure that this Web site is done could only be a positive thing. If there is something negative there, personally, I think we need to clean that part of it up so that the aquaculture industry can grow and thrive and employ people, not only now, but in many, many years to come.

**MR. HUTCHINGS:** We have those resources now. As we talked about before, in terms of a review of our strategy and the feedback we got, there was identification. If you read the document, there was a survey done on people's perception of the aquaculture industry and salmon farming and that sort of thing. I think that gave some clear indication that we have some work to do.

We have worked with the Aquaculture Association in terms of getting the appropriate information out – all the information out, I guess. We certainly try to do that, but it is getting the correct information out so people can take a good understanding and can make their own decisions on the industry based on good information.

I recognize what you are saying. Yes, there is more that can be done and we are going to work towards doing that.

**MR. SLADE:** I think the industry itself have to keep it clean cut, too; because, if not, then they are not doing their part in it either.

**MR. HUTCHINGS:** Industry knows – that is their business. These companies recognize they have a good reputation. Everybody has a role to play here, so I do not vehemently disagree with what you are saying.

**MR. SLADE:** Okay, Sir.

On 5.1.01, I just touched on it with the gentleman in the back there as it pertains to some of the questions that I had there on the issue of using pesticides, who recommends it, who administers it, and so on and so forth like that.

**MR. HUTCHINGS:** Okay.

**CHAIR:** Mr. Slade, if you are good with that, I am going to Ms Michael.

**MR. SLADE:** Yes.

**CHAIR:** I know she had a number of questions. I let Mr. Slade go until the end of the sections and then back to you now for any of the follow-up questions.

**MS MICHAEL:** Thank you very much, Mr. Chair.

Perhaps you, the minister, and his staff will be happy to know most of my questions have been answered; some that have been asked by Mr. Slade, which is great.

I would like to just push a little bit, Minister, you did address a bit with regard to local markets, but we have heard from restaurateurs and chefs who are saying it is still a challenge to get a regular supply of fresh fish. It seems that the cod pot initiative in Fogo has some success.

Is the department looking at that happening in other regions in the Province and as a way to help have a good fresh supply in the local market?

**MR. HUTCHINGS:** It is a good question, Ms Michael.

I guess over the past couple of months since coming into the department, I have looked at that. I guess my answer to you: We are looking at all of that. The whole 3PS cod, the availability of cod, what has been left in the water, we are working towards pilot projects to help harvesters, from the marketing perspective, as well the issue of domestic access to cod. We are looking at that whole set-up to see: how can we make it more readily available to restaurants, to someone who wants to purchase just cod, and that whole piece? The answer to your question is yes, we are looking at all of that and to see what we can do to facilitate better access.

**MS MICHAEL:** Are you working with people in the industry on that, internally only, just to get a sense of how the discussion is going?

**MR. HUTCHINGS:** I am hearing from people out there who say they want access – they want a licence to sell locally. I am not talking about St. John's; I am talking about our around the Island.

**MS MICHAEL:** That is right.

**MR. HUTCHINGS:** So we are looking at the whole piece. We have a processor's licence now. We have a retail licence. What is the other one we have? We have a buyer's licence.

So we are looking at that whole piece in terms of: Do we need to have three; how can we do it differently?

I just want to make sure that if people want access to cod or a species in Newfoundland that they can get access. So, how do we do that? The bottom line is if there is a resource being left in the water and there is a way to get it out by doing that, well that is a win, win for everybody. We are looking at the whole piece.

**MS MICHAEL:** Mentioning St. John's, from my own experience, the irony is, I think, we have an easier time getting it here in St. John's than in some places out in coastal Newfoundland and Labrador.

**MR. HUTCHINGS:** Yes.

**MS MICHAEL:** I get fresh fish all the time here in the city. That is one of the ironies.

I think that covers it for me in terms of what have been important questions. Just this one other, Minister: With regard to DFO placing licence renewal forms and other applications online, this is problematic for a lot of people in the industry who are in communities, especially where they do not have access to broadband and high-speed, et cetera. Has the department been trying to deal with that at all or you just see it as a federal issue and there is nothing for you to do?

**MR. HUTCHINGS:** I will refer to my officials.

I do not know whether we have significant representation on the issue.

**OFFICIAL:** No, we have not.

**MR. HUTCHINGS:** We have not, actually.

**MS MICHAEL:** You do not?

**MR. HUTCHINGS:** We have not had a lot of representation in the department. I understand certainly what you are saying in regard to that. Is there anything further?

**OFFICIAL:** (Inaudible).

**MS MICHAEL:** What was that?



**MR. HUTCHINGS:** Go ahead.

**MR. MEANEY:** Our regional services people who are in the regions have contact with fishers on a regular basis. They have not reported to us that there is an overwhelming concern or a problem with access.

**MS MICHAEL:** Okay, well then that is good to hear.

I think that is it, Mr. Chair. Thank you very much. In case I do not get to speak again, thank you very much to the minister and to all of his staff.

**MR. HUTCHINGS:** Thanks for your questions.

**CHAIR:** Thank you.

Are there any other questions here?

**MR. SLADE:** (Inaudible).

**CHAIR:** Sure. Go ahead, Mr. Slade.

**MR. SLADE:** The Fish Processing Licensing Board, do you have any update on the Fish Processing Licensing Board in terms of their activities, how many applications they have reviewed, and whether this is up or down from previous years?

**MR. HUTCHINGS:** We do have that information.

**OFFICIAL:** It is on the Web site.

**MR. HUTCHINGS:** All of that is on our Web site, I have been informed.

**MR. SLADE:** It is all on the Web site?

**MR. HUTCHINGS:** Yes.

**MR. SLADE:** Okay. I am going to have to spend a lot of time on that Web site tomorrow.

Mr. Minister, again, I would certainly like to thank you, your staff, and all of the members of the Committee for being here tonight. It was a great exercise. By the way, it was my first time so I enjoyed it thoroughly.

**MR. HUTCHINGS:** Thanks for your questions.

**CHAIR:** Mr. Mitchelmore.

**MR. MITCHELMORE:** Thank you, Mr. Chair.

Certainly, I guess there is a lot to go back at, but I am going to go back to the Aquatic Animal Health, 5.1.01. I would like to know how much money is budgeted to deal with the contaminated and abandoned aquaculture sites in the Province.

**MR. HUTCHINGS:** I cannot hear your question.

**MR. MITCHELMORE:** My question was: How much money is budgeted under Aquatic Animal Health to deal with the contaminated and abandoned aquaculture sites in the Province?

**MR. MEANEY:** The Aquatic Animal Health group would not deal with abandoned sites in the Province. We deal with that through the licensing process and the aquaculture act if there is a licence that would have been abandoned. Perhaps I am misunderstanding your question.

**MR. MITCHELMORE:** Okay.

Then, how many contaminated and abandoned aquatic sites are there currently under your department's review?

**MR. MEANEY:** The last review we have had a look there has been roughly, I think, thirteen sites; most of them are mussel farms, and they are no longer in use. We have working with either existing industry to revamp those sites, get them back in production. We have taken three out ourselves and we have been working with the Aquaculture Association to do the cleanup on the others.

In many of these sites, we are talking about a very small amount of gear that remains so it quite economical to do.

**MR. MITCHELMORE:** Right.

Are there funds available through the department to look at getting into the industry whether it be mussel, whether it other finfish,

foreign entity, or would they have to go through the Department of Business? There is money here for capital. It seems like the capital goes toward wharfing and then you have a \$6 million budget under Loans, Advances and Investments. If somebody was interested in getting into the aquaculture business, whether it is mussels or a finfish, or any type of business associated with fish or aquaculture - I guess specifically aquaculture - would it fall under 3.1.02, under Loans, Advances and Investments?

The department is open to new investment. If somebody is coming forward to look at setting up a mussel farm, they could come and access funds under this line item?

**MR. HUTCHINGS:** Yes.

**MR. MITCHELMORE:** Okay.

The line is listed as Loans, Advances and Investments, but is the majority of these equity?

**MR. HUTCHINGS:** Yes, the majority would be equity. Brian, is there anything outside of that? Go ahead.

**MR. MEANEY:** That program is specifically targeted as an equity investment and there are two thresholds. The criteria are on our Web site in terms of mussels or on the finfish side.

In terms of start-up, we have development officers around the Province who can work with new entrants to the industry who want to get involved. As well, we work with IBRD and their regional offices, as well as ACOA, to help on a business report.

We tend to provide the technical support. On the capital, that program would be available if you have a viable business plan and an option and an equity stake yourself.

**MR. MITCHELMORE:** In an equity investment, you would not be taking a security position; or, do you have security agreements in place with these companies?

**MR. MEANEY:** An equity invested, by nature, is a sharing in risk, so there is not a security agreement that can be put in place if you are

investing as an equity partner. There is not a security capability.

**MR. MITCHELMORE:** Right. So a company that goes bankrupt, in particular, that has liabilities, then is the risk shared with the Province as well?

**MR. MEANEY:** In terms of the liabilities?

**MR. MITCHELMORE:** Yes.

**MR. MEANEY:** No. As an equity investment, your investment capital is at risk, but you do not share in the liability.

**MR. MITCHELMORE:** Right. So that is clearly listed in your agreement in things like that?

**MR. MEANEY:** Yes.

**MR. MITCHELMORE:** Okay.

What are the terms of the equity? Is there a return on the investment of your equity or a certain period of interest at some point? Or is it just the straight line amount that you put in; if you put \$6 million in, you will get \$6 million out at some point in time? Or will the shares be worth a percentage of what the company is valued at if it grows to a certain point?

**MR. MEANEY:** The objective of the program is to encourage the development and the particular contract would be tailored towards a particular enterprise. We have some with a 3.5 per cent dividend on an annual basis. We have also negotiated dividend offsets, so if you spend the 3.5 per cent dividend in additional capital or additional investment, then you would not be required to pay that at the given time. It really depends on the project that is put forward. In a general sense, the objective is that there would be a timed retraction of shares for their face value over time.

**MR. MITCHELMORE:** So typically there is no revenue that comes back to the Province, just reinvestment back into the industry, if there is a profit, or based on the agreement. If it is a 3.5 per cent dividend, maybe that will go into new technology for the company, or for monitoring or whatnot?

**MR. MEANEY:** In this particular program, it would have to have to be investment into capital

–

**MR. MITCHELMORE:** Into capital.

**MR. MEANEY:** – but the dividend has come back. Like in some agreements we have had, there has been a 3.5 per cent dividend on an annual basis provided back to the Province.

**MR. MITCHELMORE:** Okay.

I know you explained the licensing piece, that it is now moved to Finance, but can you give us an estimate as to how much you anticipate to collect, or will we have to go to Finance and Treasury Board – or will it be very similar to last year's –

**MR. HUTCHINGS:** We assume it would just be similar to last year. I mean, there was a fee adjustment last year.

**MR. MITCHELMORE:** Right. So when I ask for that list, can we get a breakdown as to how you collected \$575,000, what actually came from licensing fees, what actually came from late payments, and what actually came from fines, things like that?

**MR. HUTCHINGS:** Yes.

**MR. MITCHELMORE:** That would clarify for me.

The Seal Product Inventory Financing, 2.2.05, you had made reference that Carino does not need a loan, but if you were approached, for example, by a co-op or a sealers' co-op, would they be able to access a similar agreement for financing of a multi-million dollar inventory financing, which is basically equity investment at 3 per cent interest, I believe, that is?

**MR. HUTCHINGS:** We would entertain any project. We would have to see that, the viability of it, and what anybody was bringing to the table.

**MR. MITCHELMORE:** Would you invest in capital for seal processing, such as plant, property, and equipment? As the Department of

Fisheries and Aquaculture, is that not on the table?

**MR. HUTCHINGS:** I do not know whether we have the ability to do that.

**OFFICIAL:** (Inaudible).

**MR. HUTCHINGS:** Yes, that is right; we do not put money into primary processing.

**MR. MITCHELMORE:** Primary processing, but what if it was doing secondary processing like –

**MR. HUTCHINGS:** Yes, we could look. We could also look through Innovation, Business and Rural Development, the innovation piece. It may fit. Again, it is the project. If we have a project, we will take a look.

**MR. MITCHELMORE:** I agree. In the past, I have seen a lot of the funding and the different things through the Fisheries Technology and New Opportunities Program, seeing a list of investments made there through your department, whenever asked for some information, through Estimates, it seems like the information does come forward by your department and the officials.

I guess I wonder why then you will invest in capital for aquaculture in terms of wharfing but not in terms of the wild capture fishery to partner with maybe Small Craft Harbours with additional capital investment. Why is that, Minister?

**MR. HUTCHINGS:** I am not sure of your question. Do you want to ask it again?

**MR. MITCHELMORE:** I guess you invest in capital for biosecure wharves for the aquaculture industry, but there is no capital investment for wild capture fisheries. Small Craft Harbours, under federal jurisdiction, do provide funding for capital for wharves, but why wouldn't the Province look at having a budget for that?

**MR. HUTCHINGS:** From what you just described, it is federal jurisdiction. It is huge. Small Crafts Harbours provide that inventory, that infrastructure. In terms of capital for biosecure wharves and the aquaculture, we are

trying to grow an industry. We are trying to attract industry to it. That is our means to try and support and grow it. We can just do so much.

**MR. MITCHELMORE:** Do you give any money to the Aquaculture Association in terms of funding?

**MR. HUTCHINGS:** Yes, we do some marketing projects, those sorts of things.

**MR. MITCHELMORE:** Okay.

I guess I was not clear under 1.2.02, under the capital for the wharves, that there was \$8.6 million allocated and there was \$2.7 million spent. You said this was for the Milltown wharf and that one did not proceed. What biosecure wharf is not getting done?

**MR. HUTCHINGS:** That is the one we have not made a decision on, right? There is no indication it is not getting done. The assessment of where that would go has not been finalized. There is a commitment we made a number of years ago to do – how many wharves?

**OFFICIAL:** A total of ten (inaudible).

**MR. HUTCHINGS:** A total of ten on our priorities list based on our evaluation of what was needed. I think we have eight or nine done.

**OFFICIAL:** Six.

**MR. HUTCHINGS:** Six.

**MR. MITCHELMORE:** Six wharves done.

I guess of concern is that the amount that is budgeted for this year and what was spent last year does not equate even to the amount estimated for last year. It does not seem like there is going to be any new wharfing infrastructure, biosecure wharves, when you look at the industry that has grown so much that there has been a delay in providing this vital service with a number of outbreaks of ISA and things like that. Having the biosecure measures and the top biosecure measures is certainly a key area to go.

**MR. HUTCHINGS:** Yes, some of that expenditure is over two years as well. The Milltown is \$2.6 million for this year; \$800,000 for the next fiscal year. We have \$2.6 million over two years for an additional wharf.

**MR. MITCHELMORE:** Minister, even if a wharf gets budgeted and the capital gets built, there could be some carry-over to do some additional work with it to meet regulations with Transport Canada –

**MR. HUTCHINGS:** Most times, depending on when it starts, the construction of the wharf could go over two years.

**MR. MITCHELMORE:** Right; or it might need something like a fence after the fact?

**MR. HUTCHINGS:** Yes.

**MR. MITCHELMORE:** Okay.

One of the big issues that I hear – and the Member for Signal Hill – Quidi Vidi referenced it as well – is access to local markets, local product. Your reference of looking at licensing and the different classification of licence from a buyer's licence, processing licence and things like that, right now fishers are restricted from being able to sell direct. Is that something that you would look at changing, moving forward?

**MR. HUTCHINGS:** Not immediately right now. As I said, we are just looking at the whole picture in terms of – and I would not say what we would consider and what we would not consider, but we are looking at the whole piece in terms of how we can get greater access to resource, the complements – the harvester who has a resource in the water and does not have a market, how I can get it out of the water and get it to market.

**MR. MITCHELMORE:** I think one of the big barriers likely is the buyer's licence itself and making sure that one is thoroughly active. Because if somebody can buy into local markets and has committed purchasing directly from the harvester, they can usually access other retailers or their own fish market, or other outside markets if they want to go that and just sell the product direct or sell to other plants.

There are a number of fish buyers' licences, and many of them are not getting utilized in a way that they should. I think it is creating significant problems when it comes to developing a local economy in getting products.

When you are looking at how this could impact the budget, if you are looking at herring licensing and things like that, you may see some of the smaller buyer's licence fees increase or decrease based on if you are looking at a one model, one size fits all.

So, I guess just as a caution, to look at – access seems to be a big thing. If you are looking at bulking, you might end up reducing your overall revenue for the Province. Allowing more people access to the market, in terms of the buyers, may end up generating more revenue for the provincial government, overall.

The restaurants, chefs, and tourism markets are looking at a lot of barriers in terms of regulation that the department has. Those are policy pieces. I certainly, at some point, would love to have the opportunity to speak with you or other people in the department. I will not take up time in Estimates to go into those particular details, but I think there is a way forward where we can make these policies work to benefit the Province to generate a lot more revenue and help out the economies of not only our urban and our rural communities, but overall in general, you will see a lot of industries benefit from it.

**MR. HUTCHINGS:** Yes.

**MR. MITCHELMORE:** One of the big challenges, Minister, it seems that there is a lot going on with the Department of Fisheries and Aquaculture and their relationship with IBRD. It is interdepartmental because you have the Fisheries Loan Guarantee under IBRD.

**MR. HUTCHINGS:** Yes.

**MR. MITCHELMORE:** Is that something that you have details on? Is it something that I should hold my questions on, in the amounts and the financing around...?

**MR. HUTCHINGS:** IBRD would hold the numbers. I have noticed since we made the changes, approximately two years ago, in terms

of the amount of capital that a harvester would have access to and the interest rate and those types of things, that we have seen significant increase in access to IBRD, the Fisheries Loan Guarantee Program, by harvesters. They would have the exact numbers.

**MR. MITCHELMORE:** In your Estimates here, does the Province have any inventory or ownership of property or plants that it has taken or seized or own in terms of an actual asset or would that fall under Transportation and Works?

**MR. HUTCHINGS:** I do not know of anything – go ahead.

**MR. LEWIS:** The Province has fifty-seven facilities, as the minister has indicated previously, that it owns. Included in the is four fish plants: one in Nain, one in Makkovik, one in Postville, all leased to Torngat Fish Producers Co-op, and the plant in St. Alban's, which is also leased.

**MR. MITCHELMORE:** So these leases, I guess, are bringing in general revenues for the Province and that would be under Finance?

**MR. LEWIS:** Yes. The plants in Labrador are leased for a nominal amount. The St. Alban's plant is a bit more than that. The ones in Labrador, off the top of my head, I think they are \$1 or something like that.

**MR. HUTCHINGS:** The co-op, I guess.

**MR. LEWIS:** Yes, so that the co-op can operate on the Coast of Labrador.

**MR. MITCHELMORE:** Right. That is certainly understandable if it is going to generate the economic benefits for the region.

In terms of quotas that the Province has some stake or ownership in, like Quota Holdco, is that generating any revenue for the Province? I do not see a budgetary line here.

**MR. HUTCHINGS:** Do you want to speak to that, Dave?

**MR. LEWIS:** Yes.

The only quotas the Province owns are the ones that were acquired from High Liner back in 2004 and they are held by the Newfoundland and Labrador Industrial Development Corporation, which is run through the Department of Finance.

**MR. MITCHELMORE:** Okay. Well, that is good.

In terms of the marketing, I want to go and ask about that \$200,000 under Grants and Subsidies under 2.2.01. The government has been – I mean minister after minister after minister has been very committed to creating a marketing sales consortium, but you are basically saying that is not going to happen. Is that correct?

**MR. HUTCHINGS:** I am saying we do not have proposals to move forward to build that consortium. Whether we get one next month or ten months down the road, I do not know. If we did, we would have to make a decision on whether, at that point in time, we would support it and finance it.

**MR. MITCHELMORE:** The Province was looking at \$2.6 million in last year's budget. If a group of small processors or other entities came together, why wouldn't you look at offering a similar package to them? Does it have to be all stakeholders involved to make a sales consortium work?

**MR. HUTCHINGS:** What do you mean by all stakeholders?

**MR. MITCHELMORE:** Well, you are saying that the larger companies, basically, are not interested or not in agreement.

**MR. HUTCHINGS:** That is not what I said. I said we did not get representation from the industry to come forward collectively to do this.

What I also said is that I met with the small producers some time ago and encouraged them to collectively get together and come forward with a marketing plan or a marketing strategy that we could support. They indicated to me they had some appetite for that, and to date we have not heard anything. So again, if large or small comes forward with a desire to do

something, I am not saying we would not entertain it.

**MR. MITCHELMORE:** Right. I mean, it is just more understandable that larger companies would have their own markets and their own marketing campaigns.

**MR. HUTCHINGS:** Sure, yes, they would be big enough to do that.

**MR. MITCHELMORE:** They would not necessarily need some sort of sales.

Why wouldn't the Province entertain doing a marketing strategy that other jurisdictions have around creating a buy local or we represent seafood, we have been known for seafood – we run tourism ads promoting and selling our Province, why do we not just sell generically, fish, whether it be codfish, or whether it be our organic mussels or whatnot and have a multi-million dollar campaign bringing the focus back on Newfoundland and Labrador as a Province that was built upon seafood?

We always hear when a minister goes to the Boston Seafood Show that we are so miniscule on the global market, we are about 0.01 or 0.02 per cent of the seafood market, even though our industry represents about a billion dollar in revenues, our GDP.

**MR. HUTCHINGS:** So your question is?

**MR. MITCHELMORE:** Why would you not look at doing a marketing campaign based on selling a generic fish product, whether it be cod, whether it be lobster, whether it be a species, and have Newfoundland and Labrador – everybody when they think of salmon you think of Alaskan Salmon; that brand is there. Why do we not have a Newfoundland and Labrador brand for one of our fish products or many of them?

**MR. HUTCHINGS:** Well, I think we do support local development of markets for our product, but as I indicated earlier, I think we have some work and some opportunities in regard to the whole licensing fees. I think that is part and parcel of what you are talking about, and then we can certainly brand and encourage

local markets. I think that is what we are looking at.

Do you have anything further to add to that?

**MR. MITCHELMORE:** Under the Fisheries Research Grant Program that was available, are you still funding the Northern Shrimp Research Foundation to do Northern shrimp research surveys in NAFO divisions 2G-0B?

**MR. HUTCHINGS:** What line are you on?

**MR. MITCHELMORE:** That would be under 1.3.02, I believe, under the Grants and Subsidies, or it may be 1.3.01.

**MR. HUTCHINGS:** Are you talking about the Fisheries Research Grant Program?

**MR. MITCHELMORE:** Yes.

**MR. HUTCHINGS:** What project are you referring to?

**MR. MITCHELMORE:** I was referring if the Northern Shrimp Research Foundation was receiving funding. In 2012-2013 it received \$25,000. I am wondering if that continues or if it was just the one-time survey.

**MR. HUTCHINGS:** Yes, \$10,725 for the development of a scientific gear manual.

**MR. MITCHELMORE:** Ten thousand?

**MR. HUTCHINGS:** It was \$10,725.

**MR. MITCHELMORE:** Okay.

Is the FFAW receiving funding under this research grant program?

**MR. HUTCHINGS:** The 2013-2014 funding contributions, six projects valued at \$164,161.75.

**MR. MITCHELMORE:** Can we have a list of these, as we did previously?

**MR. HUTCHINGS:** Yes, I think that was asked for earlier, so we will provide that.

**MR. MITCHELMORE:** Okay, great.

The departmental leases that we have, would we be able to get a copy of the monthly and annual payments, who they are paying to, the building, the location and what their vendor number is, as we were given previously?

**MR. HUTCHINGS:** So, that is all leases?

**MR. MITCHELMORE:** Yes, leases.

Previously, I think there were seventeen leases that were provided last year. I could maybe look at the list that was provided last and see if there was an uptake –

**MR. HUTCHINGS:** Office leases, okay.

**MR. MITCHELMORE:** – or modification for office leases, yes.

**MR. HUTCHINGS:** Yes.

**MR. MITCHELMORE:** The *Celtic Explorer* that is leased, is there a long-term lease agreement for that vessel?

**MR. HUTCHINGS:** Pretty well year to year.

**MR. MITCHELMORE:** Okay.

The lobster certification, lobster traceability, how much funding is in the budget to deal with the MSC certification for lobster because there has been a fair bit previously? Are we moving to a point that we could see lobster certified in 2014 and maybe 2015? It went through a pre-assessment stage, traceability, and some core funding was provided to the lobster council.

**MR. HUTCHINGS:** I am not sure we were involved in the lobster traceability project.

**OFFICIAL:** (Inaudible).

**MR. HUTCHINGS:** Oh, with MSC. We will have to get that number for you.

**MR. MITCHELMORE:** Okay.

Is the MSC moving to a phase that it could be certified in 2014?

**MR. HUTCHINGS:** For lobster?

**MR. MITCHELMORE:** For lobster, or is it still in the early stages?

**MR. HUTCHINGS:** It is probably still in the early stages. Is it, lobster, MSC?

**OFFICIAL:** (Inaudible).

**MR. HUTCHINGS:** Yes, that is right.

**MR. MITCHELMORE:** Okay.

Mr. Minister, you and your staff have a number of documents that you have been referencing. Would you be willing to table those documents for the benefit of the Official Opposition and the Third Party when it comes to Estimates?

**MR. HUTCHINGS:** What documents are you referring to?

**MR. MITCHELMORE:** The documents, the binders that your deputy minister and others have. When we have been asking questions, there has been a reference.

**MR. HUTCHINGS:** I have personal notes on it, but I can give you a clean copy.

**MR. MITCHELMORE:** That would be great. I do not have any other questions.

**CHAIR:** Okay, thank you, Mr. Mitchelmore.

If we are good, I am going to ask the Clerk to call for the subheads so that we can have a motion to adopt.

**CLERK:** Subhead 1.1.01 through 5.1.01 inclusive.

**CHAIR:** A motion to adopt?

Moved by the Member for Bonavista North; seconded by the Member for Fortune Bay – Cape La Hune.

On motion, subheads 1.1.01 through 5.1.01 carried.

**CLERK:** The total.

**CHAIR:** Oh sorry. I want to call a motion for the total, all inclusive.

Moved by the Member for Lake Melville; seconded by the Member for Bonavista North.

All those in favour, signify by saying, 'aye'.

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Opposed?

Motion carried.

On motion, Department of Fisheries and Aquaculture, total heads carried.

**CHAIR:** I would like to thank the Committee, and particularly the minister and his officials. Now I would ask for a motion to adjourn.

Moved by the Member for Lake Melville.

All those in favour, 'aye'.

**SOME HON. MEMBERS:** Aye.

**CHAIR:** Opposed?

Motion carried.

We are adjourned at 9:02 o'clock.

Thank you.

On motion, the Committee adjourned.