



JUN 19 2019

Mr. Ken McDonald
Chair
Standing Committee on Fisheries and Oceans
House of Commons
Ottawa, Ontario K1A 0A6

Dear Mr. McDonald:

On behalf of the Government of Canada, I would like to thank the House of Commons Standing Committee on Fisheries and Oceans (the Committee) for its report, *Ensuring the Sustainability of the Small Craft Harbours Program*. I am pleased to receive the Committee's recommendations and commend the Committee for continuing to study and highlight the important issues facing harbour authorities. This report provides valuable insight on how to more effectively meet the evolving needs of harbour users across the country.

The Government of Canada supports the intent of the Report, and the recommendations are well aligned with initiatives currently being advanced or planned. The Government of Canada also understands the cultural significance and economic importance of its network of harbours to coastal communities from coast to coast to coast. Accordingly, Fisheries and Oceans Canada continually strives to ensure that investment decisions take into account a wide range of stakeholder perspectives, including those of harbour authorities, Indigenous communities and other harbour users. These considerations ensure that Canada's harbours are managed in a manner that ensures health and safety for harbour users, as well as community economic development.

Over the last ten years, the Government of Canada has invested over a billion dollars toward Fisheries and Oceans Canada's Small Craft Harbours Program. Included in this amount is a Budget 2018 investment of \$250 million to support renewing the federal network of small craft harbours, and a commitment to working with municipalities where investments and divestitures could enhance local communities. This funding has helped to maintain and improve the current state of small craft harbours infrastructure.

In terms of individual recommendations by the Committee, herewith is the Government of Canada Response:

Recommendation 1) That Fisheries and Oceans Canada review and improve consultation and communication with harbour authorities and users of small craft harbours to:

- a) determine the best use of federal government resources for each harbour; and**
- b) to plan and complete harbour improvement projects:**

The establishment of harbour authorities in 1987 has resulted in an increased local role and enhanced local responsibilities in the day-to-day management of small craft harbours. As such, there is a strong sense of community pride and ownership over harbours. The on-site management presence provided by people who are invested in and use the harbours has resulted in more timely and consistent attention being given to the needs of harbour users relative to past management approaches whereby Government of Canada appointed harbour managers were responsible for multiple small craft harbours within a defined area.

The Government of Canada is making considerable efforts to communicate and consult with harbour authorities and the users of small craft harbours to ensure that their perspectives and concerns are taken into account when making investment planning decisions, and when determining the scope of harbour improvement projects at each harbour. Regional employees working with the Small Craft Harbours Program meet with harbour authority representatives regularly to discuss harbour improvement projects. The Government of Canada recognizes that continuing to improve consultation and communication with harbour authorities and the users of small craft harbours will help to better assess the current harbour infrastructure and operational needs at each harbour. Efforts will continue to be made at the regional level to review and improve consultation and communication to ensure the perspectives of users are addressed when possible.

It is important to note that when determining the best use of federal government resources, the Government of Canada takes a holistic approach across its national portfolio of harbours using prioritization criteria such as: safety and risk management; functional need; economic participation; general economic benefits; harbour activity; and harbour management. Consultations with harbour authorities and harbour users will continue as part of ensuring that their interests are taken into account, while remaining within planned expenditures for the Small Craft Harbours Program.

Recommendation 2) That Fisheries and Oceans Canada conduct a minimum of two meetings per year between harbour authorities, the Small Craft Harbours Program's regional offices and other interested parties with respect to operational concerns:

The Government of Canada agrees that meetings between harbour authorities, the Small Craft Harbours Program's regional offices and other interested parties with respect to operational concerns are essential to addressing issues as they arise. Regional employees working with the Small Craft Harbours Program maintain an open dialogue with individual harbour authorities in their area and meet with their representatives in person and by telephone, often on a bi-weekly basis, to address day-to-day operational concerns and issues as needed. In addition, at least once a year the collective group of representatives from each harbour authority within a Fisheries and Oceans Canada region meet formally with the Small Craft Harbours Program's regional offices and other interested parties to discuss more

overarching issues. The Government of Canada will strive to increase the frequency of these regional meetings to at least two annually.

Recommendation 3) That Fisheries and Oceans Canada work with harbour authorities to develop long-term business and/or capital plans for core fishing harbours:

The Government of Canada recognizes the very important role that harbour authorities' play, as leasees, in the ongoing management of core fishing harbours and value their input pertaining to long-term business and/or capital plans at these sites. Tools (including training sessions, manuals, checklists and templates) are provided to harbour authorities to ensure that they can develop long-term business plans for the core fishing harbours that they manage. In addition, regional employees working with the Small Craft Harbours Program regularly consult with harbour authorities and include their input in the long-term capital planning process of the Program. Efforts are underway to continually improve this process.

Recommendation 4) That Fisheries and Oceans Canada work on building the capacity of the harbour authorities' volunteer workforce and boards of directors, and devise a consistent training policy which clearly outlines what harbour authorities are responsible for and ensure that they are adequately prepared to implement and enforce:

A key priority for the Government of Canada is to strengthen the sustainability and capacity of the volunteer-based harbour authorities. In this regard, the Government of Canada is committed to providing harbour authorities with the training and resources they need to effectively manage installations through lease agreements. Specifically, regional employees working with the Small Craft Harbours Program provide and help harbour authority representatives with all the necessary manuals, checklists and templates that are needed to effectively manage the day-to-day operations of a small craft harbour. Efforts will continue to be made to ensure that harbour authorities are aware of the training opportunities and resources at their disposal, and additional training material will be developed as needed in order for harbour authorities to be adequately prepared to implement and exercise their responsibilities.

The Small Craft Harbours Program Internet site currently contains a "Tools for Harbour Authorities" section which contains information and resources to help harbour authorities carry out day-to-day operations in their small craft harbours. The "Tools for Harbour Authorities" provides documents created by the Small Craft Harbours Program, harbour authorities and other government programs, as well as some useful external links that outline what harbour authorities are responsible for and help ensure they are prepared to implement these responsibilities. The Small Craft Harbours Program Internet site will continue to be updated as relevant material is created.

Recommendation 5) That Fisheries and Oceans Canada develop a consistent, common policy as it relates to maintenance for which harbour authorities are responsible:

The Government of Canada agrees that a mutual understanding of the roles and responsibilities as stated in the lease agreement between Fisheries and Oceans Canada's

Small Craft Harbours Program and harbour authorities is very important. As such, in 2018, the Small Craft Harbours Program established a National Lease Review Working Group to review the current standard lease agreement in order to update and clarify roles and responsibilities in more detail, and ensure a common policy as it relates to maintenance for which harbour authorities are responsible.

Recommendation 6) That Fisheries and Oceans Canada and other relevant federal departments and agencies work cooperatively, and in a timely manner, with small craft harbour authorities to establish clear protocols and lines of jurisdictional authority, to address challenges harbour authorities face in dealing with delinquent tenants and unsafe or abandoned vessels:

The Government of Canada agrees that establishing clear protocols and lines of jurisdictional authority in order to address challenges harbour authorities face in dealing with delinquent tenants and unsafe or abandoned vessels is very important. As a result of these types of concerns, the Government of Canada has launched two programs that are part of its National Strategy to address abandoned and wrecked vessels: Transport Canada's Abandoned Boats Program, and the Department of Fisheries and Oceans' Small Craft Harbours Abandoned and Wrecked Vessels Removal Program. The Small Craft Harbour's Abandoned and Wrecked Vessels Removal Program, which began in 2017-2018, provides up to \$1.325 million over five years to harbour authorities and other eligible recipients to remove and dispose of abandoned and/or wrecked vessels located in small craft harbours owned by Fisheries and Oceans Canada. To date, a total of 23 vessels have been removed from federally owned harbours across the country. The Small Craft Harbours Program is now reviewing funding applications for Year 3 (2019-2020 fiscal year).

The *Wrecked, Abandoned or Hazardous Vessels Act* will establish clear protocols and lines of jurisdictional authority. This new legislation will provide broad federal authorities to strengthen vessel owner liability, including requiring mandatory wreck removal insurance for the largest vessels, and address irresponsible vessel management (e.g. by prohibiting vessel abandonment, or leaving a dilapidated vessel without consent). The legislation will also enhance federal powers to take more proactive measures, such as ordering the owner to address their dilapidated or hazardous vessel or taking direct action and holding the owner liable for all costs if the owner does not comply. These proactive measures are designed to address problem vessels at an earlier point in time, before they pose more significant and costly challenges. This new legislation, which is an element of the National Strategy to address abandoned and wrecked vessels, will help harbour authorities address the challenges they face related to unsafe or abandoned vessels. Other important measures in the National Strategy include: improving vessel owner identification; creating an inventory of vessels and assessing their risks; and, establishing a robust polluter pays approach for future vessel clean up.

The Government of Canada will continue to make efforts to ensure that harbour authorities are supported to optimize compliance and will lend its support to help harbour authorities deal with delinquent tenants, such as users that do not pay their fees, in a timely and efficient manner.

Recommendation 7) That Fisheries and Oceans Canada, without delay, bring data on harbour performance and harbour facility conditions up to date to address issues raised by the Department's 2013 evaluation report, and in 2018 testimony from the Department's Small Craft Harbours Program management personnel:

The Government of Canada agrees that data on harbour performance and harbour facility conditions is essential to ensure strategic decision-making. As a result of the 2013 evaluation report, the Small Craft Harbours Program completed a wide-ranging comprehensive data gathering exercise to collect information on a range of topics relevant to the management of the Program, including information pertaining to harbour activity and use and harbour facility condition. Periodic updates to this information have been undertaken since then. That said, a more fulsome assessment and update of the Program's data was undertaken in the winter of 2019, and concluded in March 2019. This exercise refreshed the information collected in 2013 and collected additional information to fill the gaps that were identified for informed decision-making. The data collected in the winter of 2019 will be used in the development of a Capital Asset Management Plan to ensure that the Program manages its entire portfolio of assets as effectively as possible throughout its lifecycle.

Recommendation 8) That Fisheries and Oceans Canada review its safety assessments for small craft harbours and prioritize capital and repair projects based on health and safety risks to users of the small craft harbour:

The Government of Canada agrees that prioritizing capital and repair projects based on health and safety risks is of critical importance and will continue to consider those types of repairs as priority projects to undertake. Health and safety risks are included as a priority criterion when the Government of Canada makes investment decisions through its Peer Review Process, and the Small Craft Harbours Program will continue to prioritize projects with safety components in its investment planning process. For projects at small craft harbours, criteria used to select projects include: safety and risk management; functional need; economic participation; general economic benefits; harbour activity; and, harbour management.

In limited instances, the Government of Canada may undertake risk mitigation activities to ensure the health and safety of the public, including facility closures, the erection of barricades, and restricting access for use.

Recommendation 9) That Fisheries and Oceans Canada create a separate A-base funding envelope for maintenance dredging work, to assist the Department with better long-term planning on dredging projects:

The Government of Canada agrees that dredging is critical to ensuring safe and accessible waterways. It is an activity of the utmost importance for the commercial fishing industry. While there would be benefits to ensuring that a set amount of funds be allocated specifically to dredging, the creation of a separate A-base funding envelope for maintenance dredging would have to be considered in the context that such an approach could lock-in a set amount of funds for this purpose, and reduce the Government of Canada's flexibility to prioritize

work across the range of important repair projects needed at Small Craft Harbours Program sites.

Recommendation 10) That the appropriate federal government departments review the federal government's methods of procuring contracts for maintenance, improvements and dredging of small craft harbours with the objective of achieving the most efficient use of funds:

The Government of Canada agrees that the federal government should continually review the methods of procuring contracts for maintenance, improvements and dredging of small craft harbours with the objective of achieving the most efficient use of funds. The Government of Canada currently uses a mix of contracting mechanisms for architectural and engineering services, project management and construction contracts. In an effort to achieve the most efficient use of funds, these approaches include: Public Services Procurement Canada contracting services; Public Services Procurement Canada Service Supply; Fisheries and Oceans Canada contracting expertise; consultants; standing offers; and supply. A wide range of options and innovations to improve the mix of aforementioned methods will continue to be examined to help achieve the most efficient use of federal resources.

Recommendation 11) That Fisheries and Oceans Canada consider initiating a pilot project with a willing and able harbour authority to establish a co-operative model for managing and funding a capital improvement of their small craft harbour, and incentivize the project with fast tracked funding from the Department:

The Government of Canada is open to considering a proposal for a pilot project with a willing and able harbour authority that would establish a co-operative model for managing and funding capital improvements to a specific small craft harbour with fast tracked funding, should such a proposal be put forward by a harbour authority. The Government of Canada would explore the avenues that could enable the pilot project to occur, while adhering to the Treasury Board Secretariat's Directive of Accounting Standards for capital assets owned by the Government of Canada.

Recommendation 12) That, given the impact of climate change and the severity of storms, accelerating the degradation of facilities, as well as growing demand, the Government of Canada double the amount of A-base budget available for the Small Craft Harbours Program:

The Government of Canada agrees that the impact of climate change and the severity of storms, accelerating the degradation of facilities, as well as growing demand has put significant pressure on the Small Craft Harbours Program's infrastructure. As a result, a science-based planning tool called the Canadian Extreme Water Level Adaptation Tool was created by Fisheries and Oceans Canada for climate change adaptation of coastal infrastructure related to future water-level extremes and changes in wave climate. Design for new federal structures or for existing structures to be rehabilitated takes into consideration the allowances provided by this modelling. Fisheries and Oceans Canada developed a Coastal Infrastructure Vulnerability Index to help determine the relative priority of projects.

As indicated in response to recommendation 7, the Small Craft Harbours Program has just finalized a data gathering exercise that will inform the development of a Capital Asset Management Plan. The Capital Asset Management Plan will provide a blueprint to ensure that the Program manages its entire portfolio of assets as effectively as possible throughout its lifecycle.

Recommendation 13) That Fisheries and Oceans Canada recognize the economic impact that recreational harbours can have on local communities and consider the benefits of tourism generated from recreational harbours when developing funding models:

The Government of Canada recognizes the important and broad role that small craft harbours can play within communities, especially in rural and remote areas across the country. Small craft harbours are often the centre of an array of community activities and may even be the focal point of the community. The Government of Canada agrees that some harbours have historical significance and attract wide attention for a variety of reasons, particularly from a tourism perspective, and provide opportunities to serve numerous community interests. When harbours are deemed to be more closely aligned with provincial or community interests in tourism and local economic development than with the commercial fisheries industry, the Government of Canada works with local parties and Indigenous communities to provide funding for divestitures such that local infrastructure can be taken over by the community in order to foster its economic growth. A key component of the Small Craft Harbours Program is to transfer ownership of all non-core harbours to a third party and will continue to work with community partners to explore how divestitures can help advance their interests.

In addition, local harbour authorities are eligible applicants for selected programs provided by some regional development agencies. With the help of the Small Craft Harbours Program, some local harbour authorities have already developed close working relationships with regional development agencies that have proven to be beneficial to their communities. Efforts towards capacity building to harbour authorities will continue such that they can take advantage of such opportunities.

Recommendation 14) That Fisheries and Oceans Canada work with Indigenous groups to develop a funding model that addresses the needs of Indigenous and coastal communities and fisheries development:

The Government of Canada is committed, through a whole-of-government approach, to Indigenous reconciliation. Reconciliation strengthens the relationship between the Crown and Indigenous groups and can support economic prosperity. As such, the Small Craft Harbours Program established a National Indigenous Reconciliation Working Group in 2018. The mandate of this working group is to apply a reconciliation lens to harbour management, planning and development.

The Government of Canada agrees that working with Indigenous groups and coastal communities to address their fisheries development needs is important. By improving consultation and communication with Indigenous groups and coastal communities, efforts

will continue to be made at the regional level to assess each situation and determine the financial implications to accommodate their concerns within the Small Craft Harbours Program's financial capacity.

In closing, on behalf of the Government, I would like to thank the Standing Committee members once again for their diligence and commitment to ensuring the sustainability of the Small Craft Harbours Program for current and future generations. The Government of Canada remains committed to ensuring the needs of Harbour Authorities and other harbour users across the country are met in an effective and timely manner.

Your sincerely,

A handwritten signature in blue ink, reading "Jonathan Wilkinson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jonathan Wilkinson, P.C., M.P.
Minister of Fisheries, Oceans and the Canadian Coast Guard