

Brief for the Pre-budget Consultations
in Advance of the Next Federal Budget



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Our Recommendations

1. That the dredging budget be removed from the budget formula, because some regions have more significant problems with dredging than others, and the current situation is unfair for them. The annual cost is \$8.5 million, but dredging will eventually require \$21 million of a \$75-million maintenance budget. For some regions, dredging costs account for 50% or more of their maintenance budgets allocated through the current sharing formula.
2. That the current Small Craft Harbours (SCH) budget be increased by \$40 million in order to maintain safe wharves and respond to emergencies while accounting for inflation.
3. That the government earmark \$75 million per year to continue wharf planning and upgrades. The replacement value is estimated at more than \$5 billion, and, currently, 52% of wharves are in a dangerous, poor or fair condition.
4. That the government increase the budget for non-essential wharves in order to remove these (330) unnecessary, deteriorated structures and stop spending time and money on them; they are in no way helping the federal government's image. It will cost \$25 million per year over 15 years to get rid of all these wharves once and for all. Without a base budget, SCH is spending approximately \$1.5 million to \$3 million per year. Removing non-essential wharves from SCH's inventory will result in significant economies of scale.
5. That the government give a 3% tax credit to volunteer board members, increased to 5% after 25 years of service, in order to retain harbour authorities volunteers, who are experts in wharf management. There are currently 5,000 people volunteering their time to manage 678 essential wharves. The total contribution of volunteers and users (revenue) is estimated at \$30 million each year.

Adopting our recommendations would be beneficial for the following reasons:

1. Removing dredging costs from the annual maintenance budget will correct inequities for regions that experience problems with dredging.
2. Increasing SCH's maintenance budget will make it easier for staff to do their jobs and will encourage investments in coastal and remote areas.
3. A recurring funding envelope will help keep wharves in good shape.
4. A dedicated reversionary budget will ensure that funds earmarked for repairing essential wharves are used for that purpose.

5. The Harbour Authority Program is essential for SCH; not having this program would be detrimental to SCH. Currently, several volunteers are over the age of 75. The federal government could offer a tax credit to attract and retain them. Many would greatly appreciate this measure, which would show that their work is recognized and appreciated.

A wharf is very often the only federal presence in a village. If adopted, our recommendations will support coastal economies and give jobs to people who urgently need them. There are currently 565 harbour authorities with more than 5,000 volunteers who collect between \$25 million and \$30 million in revenue, which is reinvested in the harbours. Volunteers and users contribute \$30 million per year—a resounding success!

SCH's annual budget for wharf maintenance is \$75 million (not including wages and administration). Currently, SCH has 678 essential harbours and 330 non-essential harbours, for a total of 1008. The fishing industry employs approximately 44,300 Canadians and offers thousands of other related jobs.