

November 19, 2013

**Standing Committee on Fisheries, Transportation and Rural Development
First Report of the Fourth Session, Sixty-fourth General Assembly
Committee Activities**

Madam Speaker and Members of the Legislative Assembly:

Introduction

The Standing Committee on Fisheries, Transportation and Rural Development is pleased to present its report to the Members of the Legislative Assembly concerning its activities during the Third Session of the Sixty-fourth General Assembly.

Mandate

The Standing Committee on Fisheries, Transportation and Rural Development is charged with matters concerning fisheries, transportation and rural development. In addition, it may, by majority opinion, meet to examine and inquire into such matters and things as the committee deems appropriate.

Membership

Permanent members of your committee are:

Sonny Gallant, Chair (District 24, Evangeline-Miscouche)
Paula Biggar (District 23, Tyne Valley-Linkletter)
Colin LaVie (District 1, Souris-Elmira)
Charles McGeoghegan (District 4, Belfast-Murray River)
Pat Murphy (District 26, Alberton-Roseville)
Hon. Steven Myers (District 2, Georgetown-St. Peters)
Buck Watts (District 8, Tracadie-Hillsborough Park)

Bush Dumville (District 15, West Royalty-Springvale) and Hal Perry (District 27, Tignish-Palmer Road) served as substitute members.

Committee Activities

On April 19, 2013, your committee met with Kenny Drake, Lee Knox, Ian MacPherson, Mike McGeoghegan and Chuck White of the PEI Fishermen's Association to receive a presentation on sustainable fishery certification through the Marine Stewardship Council.

On April 30, 2013, your committee met to discuss its work plan. On June 12, 2013, your committee met with Hon. Ron MacKinley, Richard Gallant and Brian Schmeisser of the Department of Fisheries, Aquaculture and Rural Development to receive a presentation on the Rural Action Plan.

On June 25, 2013, your committee met to receive presentations from Randy Angus, Ed Frenette, Sandra Gaudet, Don MacKenzie and Matilda Ramjattan of the Mi'kmaq Confederacy of PEI on First Nations' perspectives on sustainable fishery certification; and from Brenda

Campbell, Stan Casey and Malcolm Pitre of the PEI Shellfish Association on the state of the shellfish industry.

On October 16, 2013, your committee met to receive presentations from Sylvain Archambault of the St. Lawrence Coalition on oil exploration in the Gulf of St. Lawrence; and from Mary Stephenson and Chris Mills of the Department of Fisheries and Oceans on the MSX oyster parasite. On November 14, 2013, your committee met to consider its report to the Assembly.

Recommendations

1. Your committee recommends that the PEI Fishermen’s Association, Island seafood processors, and First Nations fishers continue to work together toward sustainable fishery certification on the premise that it will be of benefit to fishers and processors, and that fishery decisions will remain in Island hands.

Your committee is pleased that fishers, processors and First Nations are carefully evaluating all aspects of certification before pursuing it through the Marine Stewardship Council. Consumers are demanding evidence that the seafood they eat is harvested in a sustainable manner. Though your committee is confident that Island fishers are already working hard to harvest lobster and other species in ways that ensure the health of future stocks and habitat, the adoption of a third party certification brand will help to foster consumer trust in distant markets, such as Europe.

2. Should fisher, processor and First Nations representatives request assistance with the cost of assessment for sustainable fishery certification, your committee recommends that Government consider providing it and supporting a similar request to the federal government.

3. Your committee reminds the provincial Department of Fisheries, Aquaculture and Rural Development, the federal Department of Fisheries and Oceans, and future iterations of the Standing Committee on Fisheries, Transportation and Rural Development to continue to consult regularly with PEI’s First Nations on matters related to fisheries.

First Nations fishery rights are established in law, and with many licenses throughout the Maritime region First Nations fishers are a significant part of several fisheries. It behooves government and legislative representatives to maintain regular contact with them and to seek their participation in the decision making process.

4. Your committee encourages Government and all Islanders to be persistent in the search for solutions to the problem of sea lettuce in Island waterways, in terms of both prevention and remediation.

Nutrient reduction is key to prevention, and your committee would like to see more watershed groups engage in the community-led nutrient planning process. In terms of remediation, your committee understands that the pilot project to harvest sea lettuce was not considered successful due to the expense involved and the rapid return of sea lettuce in harvested areas. However, with the health of Island rivers on the line, we simply cannot afford to allow sea lettuce to continue to accumulate unchecked. Tenacity and creativity are needed to address

this problem, whether in developing a harvesting machine more suitable for Island waterways or finding uses for sea lettuce as a way of offsetting the cost of harvesting it.

5. Your committee is very concerned about the impact oil exploration and extraction in the Gulf of St. Lawrence could have on the fishery, and recommends that:

A) Government declare a moratorium on offshore oil exploration and drilling in Prince Edward Island's territorial waters; and

B) Government work with the governments of Canada, New Brunswick, Newfoundland and Labrador, Nova Scotia and Quebec to determine whether these activities should be prohibited for the Gulf in its entirety.

Your committee is wary of the petroleum exploration that may occur in the near future off the west coast of Newfoundland. An oil spill in the Gulf of St. Lawrence would be disastrous for many aquatic species and the people who depend on them for their livelihoods. There are indications that even the seismic surveys carried out in exploring for offshore oil and gas are disruptive for marine species and affect their ability to reproduce. Petroleum extraction in the Gulf may entail jobs and profits to a degree, but fisheries employ thousands of people around the region and have a value in the billions. It is worrisome that the development of a new, resource-based industry in the Gulf should bring with it the potential for great harm to another industry that has existed for generations. Even if PEI shores were untouched in the event of a spill, we would face a difficult battle to convince the public that Island seafood products are safe to eat and our beaches safe to visit. Several of the American states on the Gulf of Mexico that were fortunate enough to avoid the physical impacts of the 2010 oil spill now find consumer confidence in their seafood and tourism industries has nonetheless vanished. Your committee is not convinced that petroleum exploration and extraction can occur in the Gulf without a great deal of risk. The province of Quebec has already taken the initiative to impose a moratorium on its waters east of Anticosti Island and a permanent ban for its waters to the west. But the Gulf operates as a whole ecosystem and oil spills would not respect provincial water boundaries. The Gulf provinces must act together to protect this extremely valuable ecosystem that so many depend on.

Conclusion

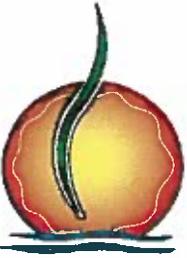
Your committee thanks the various witnesses and organizations it met with in the past few months, and appreciates the work they do for the benefit of PEI's fisheries, communities and aquatic ecosystems.

Respectfully submitted,

Sonny Gallant, MLA

Chair

Standing Committee on Fisheries, Transportation and Rural Development



Mi'kmaq

Confederacy of
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200 Read Drive
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C1N 5N7

Tel: (902) 436-5101
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Polyclinic Professional Centre
Suite 501

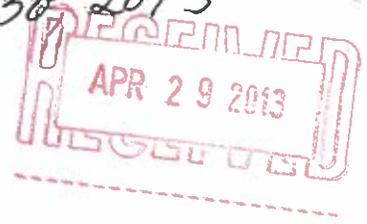
199 Grafton Street
Charlottetown, PE
C1A 1L2

Tel: (902) 626-2882
Fax: (902) 367-3779

April 22, 2013

Sonny Gallant,
Chair,
Legislative Standing Committee on Fisheries, Transportation and Rural
Development,
P.O. Box 2890,
Charlottetown, PE
C1A 8C5

*file copy RR
April 30 2013*



Dear Mr. Gallant,

It has been brought to our attention that on Friday, April 19, 2013, the Standing Committee on Fisheries, Transportation and Rural Development met to discuss issues of third party sustainability assessment for the PEI lobster fishery. We also have been advised that the Committee invited certain representatives of the commercial lobster fishery as witnesses to provide information on the issue.

As *rights holders* in the commercial fishery, our First Nations of Lennox Island and Abegweit have a vested interest in any and all discussions affecting the commercial lobster fishery. I would remind you of the tripartite agreement signed in 2012 between the federal government, Premier Ghiz on behalf of the Province and the Mi'kmaq Confederacy of PEI, in effect stating that formal consultation will be held with First Nations on any issue that may affect them. Obviously, discussions and recommendations of the Standing Committee do affect First Nations rights in relation to the fishery.

It is disconcerting and inappropriate that we were not invited to the April 19th meeting of the Committee. Accordingly, we seek the opportunity to present our opinion on the issue to the Committee.

Thank you for your consideration. Your earliest response would be appreciated.

Sincerely,

Sandra Gaudet

Sandra Gaudet,
Executive Director.

Cc: Chief Darlene Bernard, Lennox Island First Nation
Chief Brian Francis, Abegweit First Nation

Abegweit
First Nation

Lennox
Island
First Nation



Prince Edward Island

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April 30, 2013

Hon. Ron MacKinley, Minister
Richard Gallant, Deputy Minister
Department of Fisheries, Aquaculture and Rural Development
PO Box 1180
Montague PE COA 1R0

Dear Minister MacKinley and Deputy Minister Gallant;

As part of its mandate, the Standing Committee on Fisheries, Transportation and Rural Development is interested in the progress of the Rural Action Plan. On behalf of the Committee, I invite both of you to meet with the Committee to provide a briefing on the work done to date toward the Plan's seven broad goals.

The Clerk of the Committee will be in touch in order to discuss scheduling a time to meet with the Committee. I thank you for your consideration of this request.

Sincerely,

Sonny Gallant, Chair
Standing Committee on Fisheries, Transportation and Rural Development

Cc: Members of the Standing Committee on Fisheries, Transportation and Rural Development



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May 17, 2013

Sandra Gaudet, Executive Director
Mi'kmaq Confederacy of Prince Edward Island
200 Read Drive
Summerside PE C1N 5N7

Dear Ms. Gaudet,

Thank you for your April 22, 2013 letter to the PEI Standing Committee on Fisheries, Transportation and Rural Development regarding First Nations rights in PEI's commercial fishery and the Standing Committee's examination of third party sustainability assessment for the lobster fishery.

On behalf of the committee, I wish to assure you that the intention of the committee's meeting with the PEI Fishermen's Association on April 19 was simply to gather information on the topic of sustainable fishery certification. A transcript of that meeting is attached to this letter.

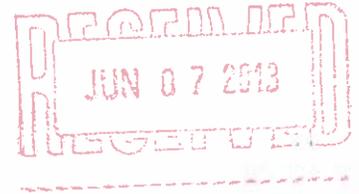
The committee recognizes the rights held by the Abegweit and Lennox Island First Nations in PEI's commercial fishery, and would be very interested in meeting with the Mi'kmaq Confederacy to hear its views on sustainability certification for the PEI lobster fishery.

The Clerk of the Committee will be in touch with you in the near future to discuss scheduling a meeting.

Sincerely,

Sonny Gallant
Chair, Standing Committee on Fisheries, Transportation and Rural Development

Cc: Chief Darlene Bernard, Lennox Island First Nation
Chief Brian Francis, Abegweit First Nation
Members of the Standing Committee on Fisheries, Transportation and Rural Development



MAY 31 2013

Mr. Sonny Gallant
Chair
Standing Committee on Fisheries, Transportation and Rural Development
Prince Edward Island Legislative Assembly
P.O. Box 2000
Charlottetown, Prince Edward Island
C1A 7N8

Dear Mr. Gallant:

Thank you for your correspondence of April 5, 2013, regarding *The Sustainable Management of Grey Seal Populations* report that was recently issued by the Senate Standing Committee on Fisheries and Oceans.

Fisheries and Oceans Canada (DFO) is reviewing the findings of the Senate Standing Committee on Fisheries and Oceans with respect to the management of grey seals. The report was recently adopted by the Senate and an official response to the recommendations will be prepared in due course.

DFO has been studying the relationship between grey seals and cod extensively for many years in order to better understand their interactions in relation to the management of the ecosystems in which they live.

At this time, the Department is considering management options for the Southern Gulf of St. Lawrence ecosystem in consultation with provincial governments and industry in the region. I am confident that by working together we can develop a plan that will suit all parties.

The commercial quota for grey seals established for the Maritimes and Gulf regions commercially harvested in Nova Scotia is based on formal population surveys conducted by DFO Science. At this time, grey seal science is considered to be data-rich, so the Department has confidence in these numbers.

Based on the latest population survey, the grey seal population is estimated at 350,000 animals, a tenfold increase over the past 30 years. DFO will continue to work with stakeholders to sustainably manage the growing seal population, while addressing both fish health and population recovery challenges where possible, and using the most up-to-date research available.

.../2

Other factors, such as harvesting in potentially environmentally sensitive areas, will also be considered and addressed using sound conservation principles on a case by case basis

Thank you for taking the time to write.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Keith Ashfield". The signature is written in a cursive style with a large initial "K".

Keith Ashfield



Prince Edward Island

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June 27, 2013

Hon. Janice Sherry, Minister of Environment, Labour and Justice
Hon. Ron MacKinley, Minister of Fisheries, Aquaculture and Rural Development
PO Box 2000
Charlottetown PE C1A 7N8

Dear Minister Sherry and Minister MacKinley,

On behalf of the Standing Committee on Fisheries, Transportation and Rural Development, I am writing to request an update on the extent of the problem posed by sea lettuce in Island waterways and your departments' efforts to address it.

In discussing this issue, the committee noted that another Standing Committee recently called for this issue to be addressed. Specifically:

"6. Your committee encourages government, the shellfish industry, watershed groups and landowners to continue to work to solve the problem of over-abundance of sea lettuce in Island waterways, both in terms of prevention and remediation. Additionally, your committee strongly recommends that a strategy be put in place to address the sea lettuce issue in support of the shellfish industry, and that immediate action be taken." *First Report of the First Session of the Sixty-fourth General Assembly: Committee Activities. Standing Committee on Agriculture, Environment, Energy and Forestry. April 17, 2012.*
http://www.assembly.pe.ca/sittings/2012spring/reports/11_2012-17-04-report.pdf

The same committee also restated this recommendation in its First Report of the Third Session of the Sixty-fourth General Assembly, dated November 21, 2012.

My committee shares these concerns, and would very much appreciate an update on how your departments are addressing the over-abundance of sea lettuce in Island waterways.

Thank you for considering the committee's request.

Sincerely,

Sonny Gallant, MLA
Chair, Standing Committee on Fisheries, Transportation and Rural Development

Cc Shauna Sullivan Curley, QC, Deputy Minister, Environment, Labour and Justice
Richard Gallant, Deputy Minister, Fisheries, Aquaculture and Rural Development
Members, Standing Committee on Fisheries, Transportation and Rural Development



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June 27, 2013

Jamie Aiken, CA - Acting Chief Executive Officer
Finance PEI
94 Euston Street, 2nd Floor
PO Box 1176
Charlottetown PE C1A 7M8

Dear Mr. Aiken,

At its June 25, 2013 meeting, the Standing Committee on Fisheries, Transportation and Rural Development of the Legislative Assembly of Prince Edward Island expressed its wish to have a representative of Finance PEI brief the committee on the status of low-interest loans for Island fishers.

Accordingly, I hereby invite you and/or other representatives of Finance PEI to meet with the committee. The Committee Clerk will be in touch with your office to discuss arrangements.

I thank you for considering the committee's request.

Sincerely,

Sonny Gallant, MLA
Chair, Standing Committee on Fisheries, Transportation and Rural Development

Cc Members, Standing Committee on Fisheries, Transportation and Rural Development



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June 27, 2013

Mary Stephenson - Head, Shellfish Health Unit
Aquatic Animal Health Section
Fisheries and Oceans Canada
Gulf Fisheries Centre
343 Université Avenue
PO Box 5030
Moncton NB E1C 9B6

Dear Ms. Stephenson,

At the June 25, 2013 meeting of the Standing Committee on Fisheries, Transportation and Rural Development of the Legislative Assembly of Prince Edward Island, the threat to the oyster industry presented by the Multinucleate Sphere X (MSX) parasite was brought to the committee's attention by the PEI Shellfish Association.

As a result, the committee would like the Department of Fisheries and Oceans to provide an update on the status of the MSX parasite, how it is being addressed and what measures have been taken to protect the Island oyster fishery.

Accordingly, I invite you and/or other representatives of DFO to meet with the committee in Charlottetown. The Committee Clerk will be in touch to discuss arrangements.

I thank you for considering the committee's request.

Sincerely,

Sonny Gallant, MLA
Chair, Standing Committee on Fisheries, Transportation and Rural Development

Cc Anne-Margaret MacKinnon, Manager, Aquatic Health Division, DFO
Ghislain Chouinard, Regional Director, Science Branch, DFO
Members, Standing Committee on Fisheries, Transportation and Rural Development



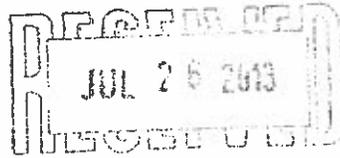
Environment,
Labour and Justice

Environnement,
Travail et Justice



Minister and Attorney General
Box 2000, Charlottetown
Prince Edward Island
Canada C1A 7N8

Ministre et procureure générale
C.P. 2000, Charlottetown
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July 18, 2013

Mr. Sonny Gallant, MLA
Chair, Standing Committee on Fisheries, Transportation and Rural Development
Legislative Assembly
P.O. Box 2000
Charlottetown, PE C1A 7N8

Dear Mr. Gallant:

Sea lettuce growth is a very serious issue in PEI and has significant impacts on many users. Action must be taken to address the over-abundance issue.

The government's approach is to work towards a permanent solution. This involves addressing the cause of the problem's nitrate pollution reaching the estuary. Reducing the nutrients that cause the over-abundant growth is recognized around the world as the only effective way to deal with sea lettuce and other similar forms of algae. With this in mind, government has developed nitrate reduction targets for most estuaries on PEI and has been looking into requiring changes to land-use practices that will work toward these targets.

Government has determined that the best way to implement nitrate reduction targets is through a process of community-led watershed nutrient planning. This strategy will deal with the problem at its source and will benefit water quality for all stakeholders, including the shell fishery. To date, two watersheds (Wheatley River and Southwest River) have participated in a watershed nutrient planning process; however, any community watershed group which is interested may become involved. Input from all community stakeholders, including the shellfish and aquaculture industries, is required for this process to work effectively.

Government has also studied the potential for harvesting sea lettuce. Unfortunately, this work showed that harvest is not a solution or even an effective short-term remediation method. The sea lettuce grows back very fast following harvest so a continuous harvest would be needed in a large number of affected estuaries just to try to keep amounts in check. This makes harvest very expensive.

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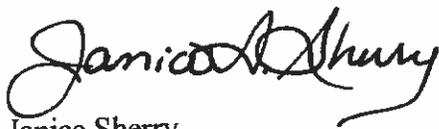
S. Gallant
Page 2
July 18, 2013

Efforts by community watershed groups and other stakeholders to raise funds to support harvest in some affected estuaries have been unsuccessful even with pledges of provincial government support. This is largely due to the high cost of the harvest and also because there is no market for sea lettuce or a use for sea lettuce that would make the harvest sustainable. There are no current plans, unless it is a private initiative, to undertake further sea lettuce harvesting.

Work is continuing on finding a practical use for sea lettuce but, to date, this has been unsuccessful. Government is currently funding a project with the PEI Shellfish Association to determine if sea lettuce can be used in a biodigester as a biofuel to produce energy. The federal government is also supporting a project to determine the effectiveness of using sea lettuce as a soil supplement in crop production.

I trust that this information addresses your inquiry.

Sincerely,



Janice Sherry
Minister and Attorney General

cc Hon. Ron MacKinley, Minister, Fisheries, Aquaculture and Rural Development
Shauna Sullivan Curley, Q.C., Deputy Minister and Deputy Attorney General, ELJ
Richard Gallant, Deputy Minister, Fisheries, Aquaculture and Rural Development
Cindy Crane, Biologist, Environment, Labour and Justice



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July 19, 2013

Richard Gallant, Deputy Minister
Fisheries, Aquaculture and Rural Development
PO Box 1180
548 Main St
Montague PE COA 1R0

Dear Mr. Gallant,

At its June 25th meeting, the Standing Committee on Fisheries, Transportation and Rural Development expressed an interest in knowing more about the lobster industry study being carried out by former Auditor General Colin Younker. Specifically, the committee would like to know if there is a deliverable, such as a report, expected from the study, and if there is a deadline for its delivery.

The Committee Clerk contacted Mr. Younker, who advised that I should seek this information from you. I would therefore appreciate any information you can provide on the study's deliverable and deadline.

Sincerely,

Sonny Gallant, Chair
Standing Committee on Fisheries, Transportation and Rural Development

Cc Members, Standing Committee on Fisheries, Transportation and Rural Development

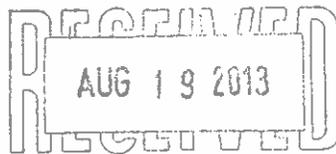


Fisheries,
Aquaculture and
Rural Development

CC Marigan
Pêches,
Aquaculture et
Développement rural



Office of the Deputy Minister
PO Box 1180
Montague, Prince Edward Island
Canada COA 1R0



Bureau du sous-ministre
C.P. 1180
Montague, Île-du-Prince-Édouard
Canada COA 1R0

August 9, 2013

Sonny Gallant, Chair
Standing Committee on Fisheries, Transportation and Rural Development
P.O. Box 2000
Charlottetown, PE
C1A 7N8

Dear Mr. Gallant:

This will acknowledge receipt of your letter regarding the lobster industry study being carried out by former Auditor General Colin Younker. The work is being carried out under contract and a report will be required at the end of the study.

The work is proceeding as scheduled and the department expects to receive a final report and recommendations from the consultant in September.

If you have any questions, please do not hesitate to contact me at 902-838-0983.

Sincerely,

Richard Gallant
Deputy Minister

September 12, 2013

Mr. Sonny Gallant, MLA
 Chair, Standing Committee on Fisheries, Transportation and Rural Development
 P.O. Box 2000, Charlottetown, PE
 C1A7N8

Dear Mr. Gallant:

Please accept this letter in response to your request for an update from the Standing Committee on Fisheries, Transportation and Rural Development related to the status of the low-interest loans for Island fishers. As you are aware, on August 13, 2013 the Provincial Government reopened the low-interest loan program for Island fishing industry. The purpose of the program is to assist Prince Edward Island fishers experiencing financial difficulties due to rising costs, low landings in some areas and market conditions that have resulted in low shore prices for lobsters.

The Fishers Low Interest Loan Program is a joint initiative of the Department of Fisheries, Aquaculture and Rural Development, and Finance PEI. Eligible applicants for this program will be provided term financing at a 4 per cent interest, with the loans being administrated by Finance PEI.

History of the Low-Interest Loan Program:

In 2007/08, the Department of Fisheries, Aquaculture and Rural Development, together with Finance PEI introduced the Low Interest Loan Program to assist fishers in Lobster Fishing Area (LFA) 25 and 26A. The program provided lending assistance to a maximum of \$200,000 at 4% for a term of 5 years. These loans did not provide any new money for capital or other acquisitions, but rather financing was to be used to consolidate and refinance existing fishing debt. In total, there were 146 eligible fishers borrowing slightly more than \$19 million. As of today, the outstanding balance on these loans amounts \$13.5 million.

The program was reintroduced in 2009 as part of the Province's Five Point Lobster Plan as a result of low shore prices. This program was expanded to include fishers in LFA 24 who were permitted to borrow up to \$300,000. at 4% over a 5 year term. Under this program, there were approximately 100 fishers accessing loans, and as of today the outstanding balance on these loans amounts to \$14.4 million.

In 2010/11, the program was amended to allow for an additional one year extension of the 4% loans (extended loans to a 6 year term). Additionally, Finance PEI introduced the third phase of the Low Interest Loan Program which had approximately 60 fishermen borrow funds totaling approximately \$12 million.

Current Situation:

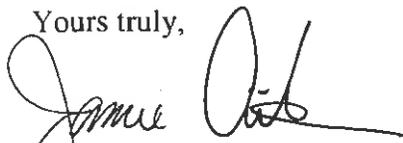
The Low Interest Program for fishers, which began in 2007, has been reopened to allow new clients the opportunity to apply. Eligible fishers in Lobster Fishing Areas 24 and 26A will be able to apply for loans on their fishing-related debts. In addition, Finance PEI will also be extending the interest rate of four per cent for existing clients under the previous three programs for an additional year. More specifically, these term loans have been extended for one additional year with the same terms (four percent interest). Government is awaiting for the fishing season to be completed in LFA 25 to assess the landings and prices before a decision is made pertaining to the Program in this area.

To date, our office has not received any applications under the 2013 Low Interest Loan Program, but we have received enquires on the program. We anticipate formal applications to be received by Finance PEI in early 2014 when fishers have completed their 2013 taxation returns. As such, the program will remain open until June 30, 2014. The eligibility and guidelines can be found on Finance PEI's website (<http://financepei.ca/index.php?number=1048313&lang=E>).

Additionally, we are aware of two separate reports being prepared, one by Colin Younker (appointed by the Province to look at the state of lobster industry on PEI), as well as the Atlantic Lobster panel. We are hopeful that both these reports in conjunction with the Province's Low Interest Programs will provide long term solutions for the lobster industry on PEI. We understand that reports are anticipated in the coming weeks, and would be happy to provide the Standing Committee an update on the Provinces Low Interest Programs again at that time.

We trust the above information provides the Committee with a summary and status of the low-interest loans for Island fishers, and we look forward to providing an additional update in the months ahead.

Yours truly,



Jamie Aiken, CA
Acting CEO Finance PEI