



House of Commons
CANADA

Standing Committee on Fisheries and Oceans

FOPO • NUMBER 018 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Thursday, April 2, 2009

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Chair

Mr. Rodney Weston

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• (1305)

[English]

The Chair (Mr. Rodney Weston (Saint John, CPC)): I call the meeting to order.

This afternoon we have with us representatives of the Alma Fishermen's Association, Jim Wood and Joanne Butland.

Thank you for coming this afternoon.

As a little bit of a warning to you, we operate under some time constraints. You've probably heard this before, since you were here most of the morning.

You'll hear some beeping noises; that's the alarm on the timer. We generally allow ten minutes for presentations, and then the members themselves have some time constraints to adhere to as they try to ask as many questions as possible and get as many responses as possible to their questions. Anyway, don't be alarmed if you hear the alarm go off.

Mr. Wood, I believe you're going to go first. Any time you're ready, please proceed, Mr. Wood.

Mr. Jim Wood (Alma Fishermen's Association): Thank you very much, Mr. Weston and members of the committee.

I'm very pleased to be here to address the committee and hopefully add a bit of an insight into things to do with lobster. I am a licensed lobster fisherman here in Alma. My boat is over at the wharf most of the summer and all fall. I've been fishing here for about 20 years. Before that, I had a serendipitous route to get here as a lobster fisherman. I'm originally from central Canada, from Ontario. I received my education up there, both at high school and university, and found myself down in Atlantic Canada and wound up in the lobster fishery as a lobster fisherman. It's been a wonderful life, with great times, a lot of friends, a lot of adventure. Being on this bay here—which I'm sorry that you cannot be, at this time, probably—has been just a tremendous opportunity.

I've been involved in the wholesale business, the retail end, marketing. I've been to Europe on different things with lobster. I've been at the U.S. Boston show. I've been responsible at different times for getting rid of a million-dollar inventory for one of the companies I work for. But nothing beats the experience of being on the lobster boat. I hope some of you can come back in the summer to take advantage of our beautiful scenery and the enthusiasm of our people concerning lobster.

There's been quite a learning curve; the fish politics are intense. The Alma Fishermen's Association has been very supportive. It's an

interesting group, a small group, and one that belies the thing that says that individuals have no part in the fishery. The individuals really make the fishery. It's based on individual enterprise, and it's very important that all these voices be heard, even though it may be very difficult. We appreciate the opportunity to speak.

The conditions for the production of lobster over the last number of years have been very ripe. The cod fishery collapsed, unfortunately, but it eliminated one of the major and top predators for small lobster. The sea urchin fishery in different places has been a big help, because it has produced more kelp—the sea urchins feed on kelp—and there have been a lot more places for hiding for lobsters. The water's warmer. Even a fraction of a degree makes a big difference in the production of lobster. There have been conservation size increases and other measures. I have gauges here for any of you who aren't familiar with this to see how some of the very small increases have made big differences in the overall production of lobster, the pounds per animal.

We have a local condition here occasioned by the Riverview Causeway, which was established in the mid-1960s. It stabilized the river from Moncton down to this area. It increased the availability of good bottom area for breeding lobsters. There's been a lot of concern over the last number of years that they're going to rip up the causeway. That's going to kill our fishery; it's going to put silt down here and cause a lot of problems with our fishery. It's been a million-dollar project, for fish passage, and we've always been totally against it.

During the last number of years here, we figure that somebody has been putting on pressure to decrease the wholesale price, beginning in 2007. We saw a decrease of about \$1.15 over the previous eight years. During that eight-year period from 1999 to 2006, the demand for lobster had increased. There was a good market for lobster, and markets increased all over the place. There was no trouble getting rid of lobsters at a reasonable and good market price.

During that time, our average wholesale price was in the range of \$6.10 to \$6.20 a pound. In 2007 it dropped by \$1.15, and in 2008, it dropped by \$2.20. That left the fishermen on average in the fall with a return of approximately \$3.80 or \$3.90 a pound. We suggest that for somebody, this represented a \$250 million windfall profit on their enterprise.

The buyers, the processors, all that—we had no control over whatsoever. That's a quarter of a billion dollars that have disappeared from this industry.

With this, there have been consistent retail prices in Toronto, central Canada, Vancouver, remaining constant at around \$13, \$14. Lobster, to the contrary, has not been overpriced. There has been no particular drop in demand other than the short-term promotional strategies that various retailers have had.

For us, lobster is still a very competitive product. The culture of eating lobster hasn't changed dramatically in the last year and a half. The economy is off somewhat, but as far as we can tell, lobster continues to be a very desired and very welcome product.

So when we look at the average fall shore price, it was at \$6.10 over the eight years between 1999 and 2006, and in 2008 we're down to \$3.90. What we're saying here is that that is not sustainable for more than a very short period of time for many of us.

We have an indicator here that a bag of salt around 1995 cost approximately \$5. Today that same bag of salt costs \$10. Believe me, you use a lot of salt in the fishing industry. Fuel has increased from 24¢ a litre in 1999 to 62¢ a litre in 2006 to \$1.18 a litre through most of 2008.

The industry standard for markup is usually about \$1 every time lobster is handled. I sell it to the buyer, the buyer sells it to somebody else. There's a dollar added, there's a dollar added, and there are maybe two or three people in the middle.

Historically buyers have been in somewhat of a competition to try to buy the product, but latterly we've found that buyers have been cooperating to set the shore price. When I first started in the lobster business and was party to a little different aspect of this—not the fishing but the retail-wholesale buying—there was definitely a lot of collusion at the beginning to establish a shore price before the season opened.

What we're suggesting here is that the competition among buyers has decreased dramatically. There's been a consolidation of the industry across the board. With virtually every other type of commodity...lobster fishing, lobster product, doesn't exist in a vacuum; it exists in the general overall economic climate. Today there is virtually no competition in the buying and marketing of lobster.

We don't see a lot of change happening soon in this part of the industry, whether there's a depression or not, because even two years before the depression or recession came—however we want to phrase it—we have seen a general pushing down of that wholesale price to the fishermen. This has been across the board. This has little and minor fluctuations; usually it's a little higher in the spring and then it fades off very quickly.

What we're saying is no matter whether a person happens to be overcapitalized or has the appropriate amount of money involved in the business, this is not going to be sustainable. For myself, I'm a little bit from the old school. I have an older boat, it's paid for, the truck's paid for, all this other stuff, and I'm at a point in life where money is interesting, but it's not the main motivator in life. Even last fall—I'm not going to be able to sustain that again.

This summer, this fall, there are a lot of us looking at a situation where we're not going to be able to pay for the boats, we're not going to be able to pay for our help, and we're not going to be able to pay

for bait. What are we going to have to do? We're going to have to hold on for a little bit of time to see what goes on. There are people seriously considering not fishing this year, not because there's no lobster—we've worked pretty hard to establish conservation methods here in New Brunswick, in the Bay of Fundy—and not because there's no market, as there seems to still be a big demand for lobster, but because the price is not there.

• (1310)

I can hear a bell ringing, and I suppose that's the end of the discussion. Thank you very much.

The Chair: Thank you, Mr. Wood.

We'll go to Ms. Butland.

Mrs. Joanne Butland (Alma Fishermen's Association): Good afternoon, Mr. Chair and honourable members. I'd like to thank you for this opportunity to express my views, and I look forward to your questions.

I've been involved in this industry since 1984, mostly as a harvester. I've had a couple of stints as a buyer, here in Alma and also on the west coast of Newfoundland for five years. Jim and I actually competed for a few years. I ran Butland's and he ran Collins.

Presently, I'm a fish harvester here in Alma. Over the last year or so, I've been actively involved with the Petitcodiac River Causeway project, and I have also been attending fisheries meetings, both federal and provincial, on behalf of our association. Today I'm not speaking on behalf of the association, because we didn't have timelines to have a meeting. So this is off the cuff; this is me.

If I understood correctly, you were looking for input on the current economic status of the industry as well as for solutions for achieving long-term sustainability. I was told that I had five minutes to speak, so I prepared a little brief, because I'm a woman, and I can't get my point across in five minutes. Hopefully you all have it and have read it.

I think we have to be realistic about what's achievable in the short term and about what will get us through this 2009 season.

I identified in my brief three priorities for 2009. First, somebody seriously has to look at the price structure. I don't know if it would be government or an independent panel or something. There's definitely a problem. I read the notes from the March 24 meeting. I saw what the assistant deputy minister said, which was that \$3.80 a pound was break-even. Anybody who wants to come and see my books can come and see them: \$3.80 a pound is not break-even in the Fundy fishery. I'm not sure where it would be break-even. Possibly it would be in a dory on the west coast of Newfoundland where you burn two 45-gallon barrels of fuel a week and that's it, and your buyers supply the bait and all your equipment for you to go fishing.

Second is enforcement. I think we all know that hard times call for desperate measures. I'm concerned. The Alma fishery has always been, basically, a lobster-based fishery. That's all we've ever had up here. We haven't had a cod fishery. We haven't had sea urchins. We do have a scallop fishery, somewhat, but even that's being pushed, because everybody in the bay has a scallop licence now, so there are a lot more people involved in it. Our scallop quota this year was done pretty near a month early, because there are that many more people involved because of a poor lobster season.

Enforcement to protect stocks, to protect what we've built, has to be in place. I don't think we have that. I don't know if budgets need to be increased or what needs to be done, but we have some serious enforcement issues.

Third is markets. There have been some problems with the markets of late. Some of it is economic, some of it is PSP, and some of it is MSC certification. There are a whole lot of things. The recent announcement that the government, the federal and all the provincial governments together, put in \$500,000 to do some marketing is a good step, but whether that will get us where we want to go, I don't know.

Those are the three priorities I've identified for 2009 to somehow get us through this.

For long-term goals, we need more science, and we need to somehow come out with a cull management system that works. We need to have something in place so that decisions can be made. As Greg Thompson said this morning, it would be best if they came from the bottom up. If they come from the bottom up, you're going to get cooperation. You're going to get input.

We're the fishermen. We're out there. We know what's there. We know what science is saying. If you look at our science reports, they're good for the Bay of Fundy. Any conservation measures that come from the bottom up, we're going to go with. They would be easy to enforce across the board. If we, the fishermen, were taken seriously, we'd put more input into it.

I had some notes from some of the presentations this morning. Everybody who comes before you, I think, will have an agenda. I have one. You can tell from my brief. I'm fighting the Petitcodiac Causeway, and not because I'm not green. I am green. The causeway was put in 40 years ago. It wasn't a good idea at that time. Taking it out the way they intend to do it is not a good idea either.

•(1315)

I've been involved in the fishery for a number of years. I have a son who's 23. He's currently fishing in Newfoundland because he couldn't afford to buy a lobster licence here. When he started fishing, we were offered \$1.1 million for our lobster licence, for which I paid \$65,000 six years prior. A whole lot of economic things went down in the 1990s that just snowballed.

Some good points were made this morning about the buyers. Historically, a lot of the fall lobsters were new shells, but they weren't hard shells. They were held in pounds in Deer Island and different places around and they were fed. When those lobsters went to market, they weren't pretty, because they had moss and so forth on them. They weren't as pretty a lobster as they're putting out at the CO₂ facilities, but they were a healthy lobster. You could ship them,

and they were full of meat, and a whole lot of other things. Maybe we have to look at the buying practices and the holding practices we currently have. Maybe they're costing us too much and not giving us the end product we want.

I was a buyer for a number of years. I'm some glad I'm not a buyer right now—although my buyer's in Florida, and I can't afford to go! But the buyers have dropped the ball on this. They no longer have to compete; it's a controlled industry. Whatever costs they incur, they're downloading to us. They all get together and have a meeting and decide what the shore price is going to be. If my buyer happens to have a little niche whereby he can move lobsters and give me more money, then he can't wholesale, if he does so.

There are many issues in the industry around buying practices that somebody seriously has to look into, because if the harvesters aren't protected we will not have an industry. Or we may have an industry, but it won't be employing rural Canada; it will be owned by corporations.

There was a comment this morning, I think by Mike Allen, about a tax-deferred account. I never heard tell of it before. It's a really good idea. If you look at the capitalization in the fishing industry in Scotia-Fundy, for any fisherman who wasn't incorporated—if you get over \$50,000, you pay 50¢ on the dollar—it was a good idea to invest in bigger boats and whatever: you got your tax credit and your depreciation, and you were farther ahead to do that than you were to pay your 50% to the government. And we don't know what you do with our money, but.... If something like that had been in place for the fisheries back in the early 1990s, we might be in a lot better shape.

That's enough trouble for now. Thank you very much.

•(1320)

The Chair: Thank you very much.

Mr. Byrne.

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): Thanks, Mr. Chair, and thank you to both of our witnesses for providing some unique and memorable perspectives in what you've told us about the industry here.

I want to ask Joanne—and I want you to answer, Joanne, not on your own behalf but on behalf of your son who's fishing in Newfoundland—where exactly the tastiest lobsters are in Atlantic Canada.

Voices: Oh, oh!

Hon. Gerry Byrne: We'll leave that as a rhetorical question, won't we?

Mrs. Joanne Butland: The Bay of Fundy has the tastiest lobsters.

Hon. Gerry Byrne: Strike that from the record, Mr. Chair.

Voices: Oh, oh!

Mr. Greg Kerr (West Nova, CPC): That was a nice try, Gerry.

Hon. Gerry Byrne: Both of you are telling us something that, although not universal, is being heard more and more. The conservation resource status is always a big issue with a fishery. It's always a major concern for fishermen to create the circumstances for a sustainable yield. Correct me if I'm wrong, but it's the economics of this fishery that seem to be the fundamental problem in 2009, more so than the resource status issues. From the testimony and perspectives of the fishermen, it seems that there are LFAs that have significant resource issues, while a good portion of the LFAs in Atlantic Canada seem to have a management practice that is producing sustainable results.

One of the things that we as a committee have been struck by is the marketing of the product. We have a very high-value product that seems to be regularly marketed as a high-volume, low-value product. At least, that's where this seems to be going. McDonald's is now producing McLobster sandwiches, and Subway has a fast-food lobster sandwich of its own. This seems a bit inconsistent with the marketing position that lobsters have enjoyed in the past.

Is that a function of the fact that we have some pretty large-scale buyers and processing companies that dominate the industry? Is that what's driving this? Would smaller buyers, smaller processing operations, and boutique operations that concentrate on high quality for high-end consumers be better for this industry? I think this is an important point for the committee to grapple with.

• (1325)

Mrs. Joanne Butland: Do you want to hit that one?

Mr. Jim Wood: I'll try to address that, Mr. Byrne.

I was in Europe at ANUGA, at the big international fish show in the late 1980s when I was really starting to get involved with this business. I was also directing Collins Seafood, which at the time was the only pound retail-wholesale operation. Catches were considerably lower than they are now. It was about this time of year when I was at that big show in Europe with another colleague representing a couple of other firms.

I had said to some of the local fishermen at the time, "Look, you guys come up with some lobster for Mother's Day and we'll give you an extra 50¢ a pound over whatever is being offered." The guys who had their gear out said, "Oh, boy, that's great, 50¢ a pound is 50¢ a pound. We probably won't catch much." I said, "Don't worry about it. We only want a thousand pounds for the local people coming in." That was great.

I was over in Europe, and in those days transcontinental phone calls weren't in their infancy, but there were a lot fewer of them than now. I was called to the phone, and it was a gentleman from Paturel, who tore a strip off me from one end to the other. Who did I think I was bucking the shore price by offering 50¢ more? He wasn't satisfied that it was for a few thousand pounds, or maybe a little more, for a Mother's Day weekend.

I learned a real lesson that day: there are some people who are the movers and the shakers, and then there are the rest of us. Unfortunately, or not, I wasn't forced out of business. I didn't have to eat that and do this, and life went on. But it was a real lesson in

economics at that time and in the ensuing years about who really controls the business and who really makes the money.

I wasn't kidding a few minutes ago when I said there are opportunities here—for a nickel, for a dime—to make a lot of money really quickly because of the fluidity of the product we're dealing with, the lobster. So whether it's a big company or a small individual, there are two different issues. A few years ago there were a lot more people involved. We were shipping lobsters out of Alma to Europe. We would ship so many thousand pounds a week to a couple of clients we'd dug up in Europe. But regulations, economics, transportation, and so forth make it very difficult for the individual small-time shipper. It can still be done, but that has become less and less of the operation of the business.

We designed some boxes at that time with our own logo on them, and we were contracting for some of the canneries to sell whole, cooked, frozen lobsters particularly to Europe, although we were involved with Japan at the same time. It was a tremendous product. There were a number of people. If you wouldn't buy my lobster, then you would. You would always try to balance two or three against the middle.

It's our strong impression that over the last few years, like every other commodity-based business, control of that industry has become more and more centralized. Lobster has become king in more ways than one. The industry sells 110 million pounds of lobster a year, and from 1999 to 2007 I think it averaged out at \$6.10 a pound. Some years it was a bit more, but it was under \$6 for only one year.

• (1330)

In the ensuing time, the buying, marketing, and handling have become concentrated in fewer and fewer hands, and there are fewer alternatives in selling the product. In other words, whether the product is fished in Prince Edward Island, New Brunswick, or Nova Scotia, the product tends to be funneled through a very few major buyers. The likelihood of a smaller outfit dealing directly with somebody in the United States has decreased significantly due to economics, regulations, and a number of other things, the same as in Europe.

I'm not sure that \$250 million was lost to this industry, but I know that some significant money was made on that kind of volume. If you and I and another friend can control 60% to 80% of that, we tend to set the tone for the rest of the industry.

A few years ago, the only money being made in the fishery from a lot of buyers was the 20% difference in the value of the dollar. People didn't really make a lot on the lobster; they made it on the exchange. They flipped the exchange rate up with the product, and considerable money was made on the exchange. That's being dealt with.

If you can control it, as I think it's becoming increasingly controlled and centralized, you can really set the price, and you have the opportunity to make some money there.

The Chair: Thank you.

Monsieur Lévesque.

[Translation]

Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Thank you for appearing here today.

Would you agree to the introduction of a product quality control board to restore trust in lobster products?

[English]

Mrs. Joanne Butland: I don't understand exactly what you mean.

[Translation]

Mr. Yvon Lévesque: Would you agree to the idea of introducing quality control of the product put on the market, a certification control, for example?

[English]

Mrs. Joanne Butland: Do you mean that it be done locally?

[Translation]

Mr. Yvon Lévesque: It would be a general control of the lobster product. That would affect virtually the entire lobster fishery, and the purpose would be to certify that Canadian lobster meets quality standards established by the government. The idea would be to introduce a system that would certify that quality control has been conducted, which would thus provide a quality guarantee.

[English]

Mrs. Joanne Butland: So that would be done by a government body.

[Translation]

Mr. Yvon Lévesque: In fact, there could be an agreement between the two levels of government, the federal and provincial levels. It could even be done at the provincial level. That would be your choice. It would be up to the fishermen's associations to agree among themselves to determine which level of government could carry out quality control on the product, as is done for other food products. For example, it's being done in agriculture. So it could also be done in the fisheries.

[English]

Mrs. Joanne Butland: It could possibly be looked at. The one thing we have to understand is that there's a market for every lobster and we have to look at economic viability as well as sustainability.

When we talk about economic viability, if I'm a fisherman and I have a 10-week or a 12-week season and that's the timeframe I have to support myself, my family, and my crew for the year, then I have to take what I can catch. As long as I don't impact the sustainability of the stocks, okay? If I catch a jumbo lobster and he's a male and a ten-pounder and not really any good for conservation measures, he may be worth less in the marketplace, but on economic viability, I've already set my traps and it's good for me to bring that lobster in, unless it's a big conservation effort to put that lobster back.

So when we're looking at quality control, I think a big thing that has hurt our markets is that a lot of our buyers, like I said, have dropped the ball. There was a lot of money in the industry. They're

dealing with a large volume of lobsters now and they're not doing the quality control that they used to.

When Jim and I were buyers here in Alma, if I didn't look after my lobster, that dead loss was mine. I couldn't download that on anybody. Now we see buyers that are having large amounts of dead loss, and that's simply because they're not looking after the product. When you buy a lobster, sure, you're going to get some soft-shells or you're going to get this or that, and they have to be culled out and sent to the processor. You might make your dollar markup on them, or 50¢, or you might make 25¢, but you return that value to your fisherman.

As far as quality control on what goes out of this country is concerned, yes, we should ensure that it's the best quality, whether that's a live lobster or a canned lobster, but I don't know whether the industry can afford the cost right now to do that certification, because certainly some of that will be downloaded on industry. Where we are right now, we can't.

• (1335)

[Translation]

Mr. Yvon Lévesque: It has been suggested in previous meetings that some of the money paid to the department be used to purchase fishing licences in order to provide lobster marketing and advertising services, among other things. In the same way as we use licence plate revenues to maintain the roads, why not use licence revenues to provide the service that fishermen need in order to promote their products?

In addition, checking product quality and ensuring that products can be traced through the processor to the vendor would help protect you while protecting your product.

How would you view that?

[English]

Mr. Jim Wood: Mr. Lévesque, I'm not sure I can respond directly, but I will try.

First of all, I think the private sector, the people who are handling the marketing of lobsters, the people who do that end of the industry, probably should be required to bear the cost of advertising, the cost of promoting to a certain degree, and the cost of marketing in a general way, much as any other commodity producer or somebody who manufactures or processes something would be responsible for that in the long run. That's not to say there isn't some kind of a role for interested fishermen or organizations....

Is it okay to continue?

The Chair: You can continue with your thought.

Mr. Jim Wood: Okay. Sorry, I thought that was the buzzer or I was being bombed.

Can you hear, sir? Okay.

A little outfit like ours, we were developing this and marketing this in Europe. We did this without government interference. Sometimes I think the people on the ground floor, in the field, are much better at marketing their product than the government. The government has a different role, I think. Because it is a common resource, a government has a role to promote that resource, but also to assist in the conservation of that resource in any way it can.

I guess due to a number of scares in the food industry—which we've all experienced, whether it's Maple Leaf products or mad cow disease out west or from the United States or from somewhere else—we've gotten a bit carried away with this. Regarding the traceability of lobsters, you want to know where they come from. They come from either Maine or Rhode Island. I'm not sure when I'm eating a meal in New Jersey whether it's really that important whether they came from Nova Scotia or New England or wherever. Traditionally the lobsters are somewhat different at different times of the year.

Certainly, when you were selling product into Europe, generally you were dealing with somebody who was at least reasonably reputable at the other end, who would not buy product that was substandard. So it was all in pretty good shape, otherwise it wouldn't survive the trans-Atlantic journey. The canneries and the other processors demanded a pretty high-quality standard for their product when they were buying it. I'll tell you, if your lobster didn't hit a certain protein level and a certain meat content level, they'd say, "I think yesterday was our last day of doing business, until you can smarten up."

There's also this whole business of hydrating and moving lobsters around. Generally, I think we have to have some degree of reasonableness on this. We're dealing with a high volume. I know when we sell lobsters to Japan, certainly in the past.... I've had people stand over me while I cooked 1,000 pounds of lobster for a particular purpose, and they were just as particular and specific in terms of their container loads as they were for their own consumption.

We all want to know where the food comes from. We all want to know that it's handled properly. We have certain set standards. I think this is perhaps more of an issue for the processed product than it is for the live product, but I'm still open.

• (1340)

The Chair: Thank you, Mr. Wood.

Mr. Kerr.

Mr. Greg Kerr: Thank you, Mr. Chair.

I want to say welcome to both of you, and I'm very pleased you're here as part of this. It's very important.

Mr. Wood, I'm going to direct my snappers to Joanne. You wax more eloquently, and I want to get a few quick ones in. You can tag on the end, but if they pull the buzzer on me, I can't ask any more questions. If they pull it on you, you can keep going on for an hour if you want. Don't be insulted; I'm just trying to make a point here.

We are planning to go to Fundy, camping, and we have to eat lobster in Alma. I understand all that.

I have a couple of quick things. Actually, I'd like to see something about the Petitcodiac dam. Perhaps there's something in writing. I don't want to get into that this afternoon—I don't think we have time—but I think that's an interesting thing.

You talked about the marketing, and I just heard something slightly different. We're glad a marketing venture did start a bit this year—a very small start, I think you've indicated—where government can work with the industry. Would you care to comment on whether that type of partnership should continue? I was taking from Mr. Wood that perhaps it should be the industry's responsibility, which I wouldn't disagree with, but there's a lot of push this year for the government to step up and help with the marketing effort.

Do you want to comment on that?

Mrs. Joanne Butland: I've been to some federal and provincial meetings, and I'm on the provincial Fundy Forum. This PSP issue has caused some issues, and it's going to be specific to the Bay of Fundy probably more than to anywhere else. I've heard the briefing. It was \$500,000. It's not a massive amount of money. It may open a few doors to move off some of the product that we currently have in inventory.

Over the long term, I'd have to agree with Jim. I guess all the other industries are getting money, but I would like to see the government make every industry stand on its own feet and be accountable. If we do get money, it's on a loan basis—a long-term, low-interest loan or something. We're independent businesses. So are the fish buyers. Unfortunately, in the lobster industry, I don't think the lobster fishermen have ever got any significant money out of the government. It's been to the buyers and the processors. I don't know if they really need it, or if they just know they can get it.

• (1345)

Mr. Greg Kerr: I appreciate that answer. Another question I have is on the enforcement.

I didn't quite understand where you would take that step on enforcement. I hear the term "generally" put forward, but what would you like to specifically see?

Mrs. Joanne Butland: The biggest problem, and it's been around for years, is that when somebody is finally convicted of something, they get a \$1,200 fine, a \$2,000 fine. Here in LFA 35, if I get caught with 50 or 100 extra traps and I go to court, chances are I won't be found guilty, so it's no big deal anyway. If I'm not found guilty, I get my traps back. But if I am found guilty, I'll get a \$2,000 fine, or maybe a \$10,000 fine. One hundred traps at five pounds a trap over the whole season is a lot of money.

The risks far outweigh the penalties, and there's nothing to deter it. It's gone on for a number of years, and it hasn't been checked. We don't see the visibility of the enforcement officers.

You know, if you're driving down the road and you see the RCMP, you put your seat belt on. If you don't see an RCMP for weeks, you get a little slack and you don't wear it. I mean, it's human nature. If the enforcement isn't there, people are going to get away with stuff, and they've been doing it for years.

As far as the conservation measure, I've talked to several fishermen, and it's a big issue when they want the five-inch measure. We're not sure. In LFA 35, I don't think the five-inch measure is going to be the conservation measure they want. We don't have enough of them anymore. That's the same as in the gulf. In Newfoundland, I think the biggest lobster I ever bought was a three-pounder, and I might have seen one of those. So depending upon your area and your fishery, every conservation measure is going to be different.

With enforcement, I don't know if they need more money; I don't know if they need better people. We were talking today. What if you put them on a bonus for every conviction?

Mr. Greg Kerr: Bounty hunters.

Mrs. Joanne Butland: They get a percentage of the pie or something. In all honesty, there's no—

Mr. Greg Kerr: Before we go down that one too far—

Voices: Oh, oh!

Mr. Greg Kerr: —don't know how this would look in the report.

I'm going to ask one last question, because you can wax almost as well as he can. This is tourism related. I'm going to ask you first and then ask Jim to comment.

Many, many tourists will tell us that when you can go into Maine or down the coast in the States, you feel very welcome and there is fresh product along the road. That's a really important part of the experience within our jurisdiction. I'm talking about Nova Scotia, and I'm sure it's the same in New Brunswick.

What do you see happening to change that? We talk about new market opportunities, and there's some right here in the homeland, if we do things differently. What do you see needs to be done? What is necessary to make it a very user-friendly activity for the travelling public? In other words, if I came to Alma this summer, could I find lobsters being steamed along the roadside, and fresh product and so on? Or is the regulatory process too heavy to let that happen?

Would you comment first and then perhaps Jim?

Mrs. Joanne Butland: I think Alma's always been.... We've always been lucky in that sense. We fish until the end of July, and that's the boom of our tourist season. Actually there are three lobster shops in Alma now, and they take full advantage of that tourist market.

You can't go to see them being steamed, due to the regulatory process; the rooms have to be sanitized and so on. But you can buy a fresh lobster. You can pick out your live green one. The Japanese do it all the time. They bring a big busload in and they pick out their lobster. You have to cook it. They come back in an hour's time to pick it up, and you best make sure it is the one they picked out.

Mr. Greg Kerr: Would you like to see it expanded so they experience more of the fresh product?

Mrs. Joanne Butland: I think New Brunswick could do something with that, and I think P.E.I. and Nova Scotia could also.

But I think that has to be done on a local level. I don't know if the government has to do that or if that's an issue we're going to have to

come up with. Trust me, if I'm going to be offered \$4 a pound this year, I'm not going fishing. I'm going to talk to my buyer and we're going to come up with a way that I get a percentage of what more he makes, and I'm going to come up with marketing strategies to move my fish.

Mr. Greg Kerr: Thank you.

• (1350)

Mr. Jim Wood: As a rule, in this particular port the selling of lobster right off the boat hasn't been a common practice. One of the reasons is that fresh-caught lobsters, at least in this area, generally have a gut full of herring or mackerel or some other bait, and generally if these lobsters are held for a couple of days, they eliminate that product from their gut and the taste tends to be a lot better.

I was particularly impressed when I first came down here, seeing the tableloads. Most places you buy a lobster, it's a big deal. There is one lobster, there is this, there is that. We can buy those green lobsters here and have them cooked, but it was a real thrill to be involved in the industry in selling not hundreds of pounds a weekend, but tonnes. To organize that and to see those people come in from all across the country, buying lobsters.... Lobsters were sized, not by pounds but by dollars.

You go to buy something and you say you'd like to buy some lobster. They ask how much money you have in your jeans. You reply you've got \$20 for yourself and your lady. Okay, so you get \$20 worth. You ask for \$20 worth of lobster. They ask if you would like a big one or a couple of smaller ones. You reply you'll go for it. They tell you the big ones are good, they're really good, they're just cooked a little longer. Is a big, juicy roast of prime beef tasty? Of course it is. Do you cook it as you do a small steak? No, you don't, you do it differently, but they're equally good. That was a real thrill.

We used to have people lined up 25, 35 deep. That's why Joanne got into cooking and selling lobsters, because it was.... It wasn't necessarily to make a huge amount per pound, but you sold a lot of pounds and you had a lot of.... If you had sharp people on the cash and sharp people serving it, it was...and we didn't have the regulations at that time where you couldn't go in and look at it. Everybody came in. We had school kids in. We had busloads of tourists in. It was a fun time. It still is very much a fun time here on the wharf, particularly a weekend when the boats call. And because here we have the tides, we just can't go out and in when we want. Most of you would probably realize we have a 42-foot tide here most of the time. So we can really only enter and leave port for about four hours every tide, at high water.

If you have the wharves loaded with people, I think people really enjoy that. Some arrangements are made to take individuals out. I have had people come out with me a lot of different times, generally what we call high water. You're waiting for the boat to rise; the boat rises and you go like mad. You fish, fish, fish, fish; you come back in, and people have a real experience of what's going on. It's different from a day trip, but it's still very exciting, very thrilling. It's one of those things that make a really interesting trip here—the tides, the lobster, the whole thing.

But as far as cooking them in kettles along the side of the road, I was in Maine a couple of years ago and there was a super idea for a restaurant there. And if I get a chance to do that, it might happen. It was like the way we market lobster here. Put it on the table, fill it up, and all the people go ah. And they take that lobster away and eat it right outside.

The Chair: Thank you very much, Mr. Wood.

Mr. Wood, are you sure you're not from P.E.I. or Newfoundland? You sure have the gift.

On behalf of the....

Mr. Calkins?

Mr. Blaine Calkins (Wetaskiwin, CPC): I believe if you check the record, Mr. Stoffer said I could have his time.

The Chair: I'm sorry, Mr. Stoffer doesn't share.

On behalf of the committee, I'd like to thank both of you for taking the time today and coming to meet with us and providing us with your feedback, your recommendations, and advice. It certainly was appreciated. If you have any further comments you'd like to make, and sometimes I forget to mention this, you can do so by forwarding that to the clerk's office. Within a two-week period, the transcripts of these meetings will all be available via the Internet.

Thank you very much once again.

We'll take a short break and we'll set up for the next presentation. Thank you.

- _____ (Pause) _____
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- (1400)

The Chair: We're ready to begin.

Today we have with us, from the Maritime Fishermen's Union, Christian Brun, the executive secretary.

Mr. Brun, thank you for being here with us this afternoon. I appreciate your taking the time out of your schedule to join us here in Alma. You'll probably notice throughout the proceedings today that there will be a little beeping noise. That's the time clock. Basically, we allow approximately 10 minutes for presentations. The members have timeframes that they have to adhere to, or I should say I ask them to adhere to, to ask their questions and for your responses as well. So if you hear the beeping throughout, don't be too alarmed, we're just trying to stay as close to the timeframe as we can.

Mr. Brun, I'll ask you to proceed at this time with any comments you'd like to make.

Mr. Christian Brun (Executive Secretary, Maritime Fishermen's Union): I appreciate your time, and I'll respect the last call for the bar when I hear the time.

Mr. Chairperson, committee members, industry representatives, members of the public, and other invited guests, I do appreciate your time to have us express our opinions and concerns around the lobster fishery.

I am actually going to wear a couple of different hats today. I'll be speaking mainly on the short-term situation and what I'd call a crisis surrounding the lobster fishery, and the long-term renewal of the lobster fishery is the second subject I'd like to make a few comments on.

My first hat is of the Maritime Fishermen's Union, so I'll be speaking to you on behalf of this organization. I will just give you a few indicators of who I do represent when I have this hat on. The MFU actually consists of representation of 1,500 inshore fishermen in New Brunswick, on the east coast of New Brunswick, and in Nova Scotia in three different pockets, actually: southwest Nova Scotia; in the area from the bridge to Pictou, Antigonish; and also in the Baddeck, Big Bras d'Or, all the way on the northern side of Cape Breton.

Of these inshore fish harvesters, 1,200 are in New Brunswick and approximately 300 in Nova Scotia. They are all owner-operator fish harvesters. They're mostly lobster fishermen. I would like to also add that, on average, and I would bring this back to New Brunswick, since we are in this province, net earnings before taxes of our member fish harvesters—I would not include the last year, so for 2005, 2006, 2007, we have pending reports coming from DFO, and this is DFO information—are somewhere around \$10,000 to \$12,000 before taxes. So that gives you an idea of what the situation is before we ever entered this crisis.

This fleet also consists of somewhere around 4,000 jobs—and I'm speaking again of the 1,200 New Brunswick fish harvesters—and it also has an asset value of somewhere around \$180 million. Our fish harvesters mostly process the lobster that goes towards the processing market. This is a bit different from what you've probably heard going into southwest Nova Scotia and also in speaking to some of the fish harvesters in southern New Brunswick. Our lobster mostly goes to and depends on lobster plants. In other words, it has to go through a lobster plant, and it is mostly destined toward the buffet market in casinos, in middle-class restaurants, in cruise ships. It gives you an idea of where our product actually goes.

The MFU believes—and has been expressing this since November 2008—that we're entering one of the most challenging times in the lobster industry. We are probably going to enter a crisis that will be remembered for a long time in modern times. That is our feeling. We have been concentrating on the worst scenario—to be able to be surprised positively if it happens—but that is what we believe could be coming our way.

The factors that would bring on this meltdown, in our view, are the global economy in the U.S., a serious decrease in consumer buying of the types of products we are supplying, a credit crunch for fish buyers, high inventories—especially in P.E.I., with the information we have, but we can't confirm New Brunswick inventories actually, and that is part of the problem—and a spring lobster glut, not caused by New Brunswick fish harvesters for the most part, but by other products coming in from other provinces.

• (1405)

The MFU has actually proposed many solutions in the last few months to provincial and federal governments, none having been too well received by government. We've talked about some ways to be able to have some daily limits on landings or ways to be able to reduce landings, we've talked about inventory guarantees for processors, and we've talked about systems for a top-up of revenues by existing federal programs to be able to find a way to get our fish harvesters fishing for the whole of the 2009 season. We're worried about 2010 because we're not sure it's going to be much better.

We've also talked about having some form of system to reduce interest costs on capital loans for fish harvesters, or some way to be able to get through the year, first, to be able to harvest, and, second, to be able to survive or at least break even.

I'll give you a few anecdotes, indications of things that could make it bad. First of all, there are already many New Brunswick fish harvesters who haven't found buyers, and they've been quite aggressively seeking buyers for the lobster. There are a lot of rumours that the usual volumes that are being shifted from one group of buyers to another have been significantly reduced.

We have more than 300 helpers who have already been told they won't have employment. That's pretty well confirmed. This is related to the spring fishermen, somewhere around 700 taking off in the month of May. They've already let a lot of helpers go. They can't afford to have them tag along.

The question I will leave you with is the same one we left for Minister Gail Shea at our convention approximately two weeks ago. What will governments do to support fish harvester organizations for harvesters to be able to fish the whole 2009 season?

I would now like to maybe flip on another hat. I hope I'm doing okay with time.

• (1410)

The Chair: You have two and a half minutes left.

Mr. Christian Brun: The other hat is of an alliance. We have created an alliance with the FFAW/CAW, with the alliance of Quebec fish harvesters; we have also included organizations in Nova Scotia—we have three of them that have recently joined our group. We are promoting—and this was the long term, so this is the second subject I mentioned I wanted to speak to you about—the renewal to change some underlying structural issues in our lobster fishery, and the Maritime Fishermen's Union has been promoting this as an organization for many years. But we've decided to get together with other organizations in Atlantic Canada to be able to demonstrate that there is commonality in our views and to demonstrate that some organizations and some groups of fish harvesters are looking towards a solution to rationalize this fishery and to renew this fishery so it

can reach that potential that the lobster fishery quite clearly has in the long-term future.

There are not many areas where you can find the *Homarus americanus*, so I think there's an advantage in terms of having to make sure we manage our fishery in the right way to be able to keep it healthy. But we think some other areas are not managing it well, and I think there's huge potential in terms of increases in value for this fishery. We are trying to state in our proposal to be able to reach this potential. This means a lot of things. This means what we've been talking about for quite a few years. It means a reduction in fleets that do not have the minimum viability to be able to make the changes that are necessary to take on the challenges that are coming our way. We've all heard about what's coming our way. It's certification, traceability, and we can name a lot of these challenges coming up. I'm sure you've heard a lot about that, so I won't repeat them.

European investment in decommissioning has been quite important in the last few years. They've realized the importance of doing it, they are doing it, and they are creating a competitive advantage for their fisheries. I can name a few. Denmark has recently invested in decommissioning, and a few other countries have. The U.K. has, and Australia is considering quite an important investment. So we are not alone in this, but we are competing in a global market for this lobster industry.

I heard the bell ring. I'm just going to cut this short and say that our members have quite clearly indicated to us that there is a sense, a feeling, of abandonment in the midst of this crisis and in the midst of the need to find a long-term solution and make the changes that are necessary for our fish harvesters to adapt, adjust, and be able to take on what's coming towards them. And they're not able to do that now.

I thank you for your time, and I welcome questions if there are any.

• (1415)

The Chair: Thank you very much, Mr. Brun.

Mr. MacAulay.

Hon. Lawrence MacAulay (Cardigan, Lib.): Thank you very much, Mr. Chairman and Mr. Brun. I'm pleased you took the time to come here, and I appreciate your presentation.

It's obvious from your presentation that there's been difficulty in the fishery before now, let alone what's taking place now and possibly in the future. I've been following it, of course, in the news. The MFU has been supportive of a reduction in the licences of fishermen across Atlantic Canada, as far as I understand. I see there are four main points in this proposal you have. So I just want to give you the time, and I wish you'd address that on how important it is to take the fleet out of the system. Even if they go broke—and you can explain this—it still leaves them in the system, and they will still fish, keep the pressure on the stocks, and also on the market.

So I'll give you time to elaborate on this.

Mr. Christian Brun: Thanks for the opportunity to mention that I did make available some copies of a proposal we've been developing with this alliance. It would be made available to you shortly, I suppose, or on your way back. There is a short brief that was circulated, so that gives you at least a short synopsis. There is the larger version that gives you some details, so you'll have the chance to read that.

Bankruptcies in this type of context are only going to keep licences in the game. You're absolutely right. In my view, what's going to happen is even worse than just keeping licences in. You're going to have perhaps some older folks who have spent the greater part of their lives in the fishery, sometimes second or third generation, losing their licences to bankruptcy near retirement. This, on its own, in our view, is quite catastrophic. We have to find a way to have these fish harvesters, who might have spent 50 years in the fishery, to respectfully leave the fishery.

On the other hand, we also have to find a way for some newcomers to come in, but not in this way. They'll have to borrow quite an important amount of money to be able to get in and will fish much harder. It will be that much more difficult for the resource to renew itself. So in my view, you have a no-win situation with bankruptcies.

The only way you can do it, which is what we're proposing in this document, is for the federal government to find a way to create some form of fund where you will correct the errors of the past—and not a 100% government-led buyback program where you have an inflation in prices, etc., and all sorts of consequences to that, but a fund. The different fleets have different ways of seeing this, but the industry proposes a way of being able to rationalize the fleet to the level they find acceptable and be able to contribute to that and do what is necessary in exchange for the resource to be more sustainable than it is.

Hon. Lawrence MacAulay: Are you suggesting an Atlantic proposal, like the Maritime Fishermen's Union or the PEIFA, or would it be local? There are a lot of different scenarios in a lot of different areas. Would you be proposing that there could possibly be different scenarios in different areas?

• (1420)

Mr. Christian Brun: Yes.

Hon. Lawrence MacAulay: If there was funding available, I think that would be much more acceptable, but I just want you to get that on the record.

Mr. Christian Brun: That's exactly what we're proposing. We're suggesting that the FFAW or the MFU could propose a way to go forward, come up with a solution for rationalization and access this fund. This fund would have two or three criteria to be able to get this capital. They would explain how they're going to do it, what the industry will be using to do it.

So it would not be a government-led program; it would be an industry-led program. You're actually submitting a proposal to get the capital funding to be able to do the job.

And yes, you could have different versions of this throughout Atlantic Canada. We have found it very difficult to find common ground with other associations on the ways of being able to

rationalize, but we've all said we're trying to do the same thing; it might be different for what is acceptable in one area and another, but let's just create some form of fund. The basic criteria we found that we could all agree upon was that, one, it should be aiming at rationalization in some formal way, and, two, it should have some way to be able to sustain itself.

In other words—and I think this has been documented in literature—buyouts in the past have often proven that there's an effort creep-up afterwards. In other words, if you eliminate some fish harvesters or participants, the people who remain get better gear or better equipment, fish harder, and actually end up fishing relatively somewhere around the same amount. However, if in exchange for receiving some capital to do what you want to do you are able to improve the conservation elements, you are able to sustain that; you are able to keep that effort reduced throughout the years. That's the sacrifice that our alliance is proposing.

Hon. Lawrence MacAulay: Thank you very much.

I took more than my time, actually, and I'll give the rest to Mr. Byrne, if it's okay with you, Mr. Chairman.

The Chair: Mr. Byrne.

Hon. Gerry Byrne: Christian, thanks very much. That's very helpful to the committee. You've actually put forward some very concrete ideas about the economic circumstances, but also about some of the economic solutions, those public policy solutions that are required to be able to adequately confront the downside of 2009 and hopefully create a sense of hope and light for harvesters and for the industry in general.

Have you been able to express these ideas in a format called the Atlantic lobster round table? If you are a participant in the Atlantic lobster round table, how has that experience been, and do you want to see that format continue?

Mr. Christian Brun: We felt that it was very difficult to express our short-term and long-term concerns at this round table. We found it very valuable in terms of bringing the industry together for once. I think that hasn't been done in quite a few years. I think that was very beneficial.

We've also been able to talk about some of the challenges I mentioned earlier on, like certification and other elements, so it was very good to be able to share opinions, but it wasn't in terms of coming up with a solution for viability. We found it very difficult to express this, although we have. It's just not been something that has taken up much of the round table's time. I would suppose that in time it might have developed to that, but the more global challenges have taken up much of the time.

Hon. Gerry Byrne: What's the constraint on that? I'll put it to you bluntly. We understand that the round table may wrap up soon. There are some issues about CCFI, one of the organizing partners to that—

Mr. Christian Brun: That's a shame, because I think we were—

Hon. Gerry Byrne: What's a shame?

Mr. Christian Brun: To have the organization not being funded. I would suppose that is what has happened.

I think this was a way to bring the different sectors of the industry together to express their views on many aspects. That's probably going to disappear. I hear there's a subcommittee in some form, which will have difficulty being maintained because of the resources not being there.

Hon. Gerry Byrne: So it would be the position of the Maritime Fishermen's Union that the Atlantic round table process should indeed continue and that you as an organization would like to see the CCFI continue to have a leadership role in that respect?

•(1425)

Mr. Christian Brun: We feel that it's an essential piece in this puzzle. It has been driven and led, in our view, by a lot of the processing sector concerns, but there's always a process, you know, and you change that process along the way. You begin with a very large view. I think we were heading toward some of the harvesting concerns.

Hon. Gerry Byrne: Okay. I really wish and hope that you have an opportunity. If the chair consents, if you have any further documentation.... You've mapped a lot of very, very constructive ideas regarding economic and policy tools. As an addendum or an addition to your testimony or your presentation here today, if you want to forward your proposals to the committee through the chair, I think that would be extremely helpful in the preparation of our report.

We'll include that as formal testimony, if that's okay, Mr. Chair.

The Chair: All right. I would appreciate it if you have anything at all. Do not hesitate to send it.

Mr. Christian Brun: There are copies of the larger proposal document floating around. I think you'll find a lot of details in there that could generate some discussion.

The Chair: Thank you.

Monsieur Blais.

[Translation]

Mr. Raynald Blais (Gaspésie—Îles-de-la-Madeleine, BQ): Thank you very much, Mr. Chairman.

Good afternoon, Mr. Brun.

I think it's important to look at short-term actions as well as medium- and long-term actions. I'm going to start with very short-term actions. We are really about to start the next fishing season in some areas. In the region I represent, Gaspé and the Magdalen Islands, it's a matter of days. Based on the information you're giving us, we can reasonably fear that there will be some lay-offs. They won't necessarily be reflected in the number of boats or the species harvested because, if there are fewer deckhands, that doesn't necessarily mean there will be fewer catches.

You expect that there will be 300 fewer deckhands this season. Do you think that's a situation that will spread everywhere, or does that depend on the areas or locations?

Mr. Christian Brun: I do think there will be more lay-offs by the start of the season. The fishermen have done their best, with the means at their disposal, to communicate with all those people and to convince them of the situation that could arise. I don't think the fishermen yet realize what could happen.

That number could quite easily double, not necessarily by the end of May, but perhaps by the end of the year. If the same thing occurs, or even more, the fall fishermen might react. They might realize the scope of the situation much earlier and have the time to prepare. They also have to travel a little less far to fish.

So we could see a further decline in the number of fisherman's helpers from 600 to 700, at least for this year.

Mr. Raynald Blais: In the very short term, what are the prospects for the lobster market in 2009? Do you think there is a risk we may once again find ourselves with an even lower lobster price than last year's average?

Mr. Christian Brun: That's what we believe. That doesn't mean that will happen. Obviously, market forces are at times very hard to predict. We've experienced that in recent years.

We think there is an enormous inventory. There is also what we call a glut or bottleneck of lobster coming out at the same time in May. That has had a negative impact on prices in the past. We expect this bottleneck will have a very negative impact this year and will cause a sharp drop in prices.

Fishermen who fished before December or until December didn't fish as they wished, whereas they could be coming out in force shortly. Consequently, this bottleneck will be even more pronounced than in past years.

•(1430)

Mr. Raynald Blais: Do you have any figures to give us on currently stored inventory?

Mr. Christian Brun: We've had an enormous amount of difficulty getting figures for New Brunswick. We initially held a number of meetings. The province of New Brunswick also took some steps to obtain the information. It's very hard to get information on our province.

We know that there is a large inventory of popsicle lobster, whole cooked lobster and what we call baby boil lobsters. We've all heard the figures on the air here and there. It's a big concern for people.

We are equally concerned about the fact that consumption of our lobster is in free fall in its target areas, since the Americans are choosing to go to the American version of the Atlantic Superstore instead of going to restaurants to eat at low-cost buffets. In view of the value chain, the share that goes to the fisherman when his products are bought at the Atlantic Superstore or another store is well below the average income a fisherman needs in order to survive.

Mr. Raynald Blais: In your brief, you refer to an amount of \$233 million that the federal government could invest in rationalization over a five-year period.

I'd like to have some details on the amount in question. How did you come up that amount? Who might manage that rationalization fund?

Mr. Christian Brun: As I explained a little earlier, the idea is to create a fund in order to arrive at a lobster rationalization solution. The details on that amount are obviously substantiated in the document.

We developed a calculation based on the Atlantic Canada fleets that are having viability problems and that feel the need to proceed with a lobster rationalization. We simply used this figure to provide a brief explanation of the needs expressed. We are relying on that fixed figure to buy back licences and prevent new price inflation—we've learned our lessons. Through this process, the industries, associations and fishermen's groups will be able to submit requests that have to meet the two or three criteria set out in the document in order to be able to access this funding.

Mr. Raynald Blais: That's fine.

[English]

The Chair: Thank you very much.

Mr. Kamp.

Mr. Randy Kamp (Pitt Meadows—Maple Ridge—Mission, CPC): Thank you, Mr. Chair.

Thank you, Mr. Brun, for coming in and helping us with this issue.

I have a copy of the full action plan. It raises some questions that certainly are stimulating, and I want to thank you for it.

I think it's fair to say that in the course of our hearings over the last several days, and even before that, we've heard what perhaps could be described as contradictory testimony. It's quite a diverse industry, even just the lobster industry. I think you would agree with that.

We're hearing different perspectives on a number of these questions. For example, on the question of the need for additional government involvement in this industry, we've heard comments ranging all the way from “Stay out of our business” to “We want the government to pay us in some way, either buy us out or top up the price”, or various other things. These are the kinds of things we'll certainly have to give some thought to, as we consider recommendations for the minister.

Another thing we've heard contradictory testimony on is the whole issue of overcapacity. I think you've made the point in your comments and in your brief that the average return on investment, or the average before-tax income, is relatively low. There are one or two LFAs that seem to buck that trend. But when we've come right out and asked if they think there are just too many fishermen chasing too few fish—or lobsters, in this case—we've often heard that they don't think there are, that everything is going fine.

So I guess my first question is, do you think overcapacity is the heart of the problem? And related to that, would the alliance be bringing forward this proposal if the shore price of lobster had, say, consistently stayed at \$7 a pound—had in 2008 and looked like it would in 2009 and ongoing? Would you still be bringing forward this proposal then? I guess the substance of both of these questions is whether this is about ecology or economics. Is it about the sustainability of the resource or the inability of the economics to really work for these fishers?

•(1435)

Mr. Christian Brun: Well, I guess the really short answer is that it's about both. I think it's about an equilibrium. When we look at sustainability, I think we've all learned that it's difficult to divide and

economize on the individual participants, the fish harvesters, and the resource.

I would tend to agree there are many areas in Atlantic Canada doing rather well in the lobster industry, and probably not interested in rationalization. I could understand why they'd probably say, “Stay out of our business”.

But I don't think we can afford to overlook the areas that are really going through difficult times. If we look at the chart of landings in the last 100 years, I don't think we are going to expect higher landings in the future. We'll probably expect lower landings, right? So I don't think these areas have any solutions to be able to get through what they have to get through.

Basically, I was explaining that it's both. It's an equilibrium. What we've attempted to propose to you today, and what we have been proposing as an organization—maybe not as an alliance, but as the Maritime Fishermen's Union for the last five years, all the way back to 2002-03, long before there were any problems in terms of this crisis and when there might have been a better price—and what we have consistently tried to get decision-makers to understand is a necessity in these areas, is a solution that permits improved sustainability in exchange for coming up with a solution to the economics. In other words, it's an exchange.

What we're trying to say is that for the fish harvesters in these areas who require this intervention, or at least this support in capital—not necessarily a program set up and prepared by governments, but at least the capital funding that can be accessed—what is ready to be exchanged here are some very important changes in the way they harvest. We want to be able to bring them to a level where they can respond to certification challenges and traceability, and where they can adapt, because they would in fact be getting a minimal amount of revenue from which they could take some of these necessary hits. Also, it goes to the point of their willingness to contribute to this financially. This is what is being proposed.

I say this because it's gone to a point where there are no other solutions. The solutions that have been proposed—self-adjustment mechanisms, flexibility, etc.—don't work for these people. To say that you are near bankruptcy and are going to borrow \$100,000 to buy out your neighbour is just a ludicrous proposition, right? But that's what's been on the table, and it's the only thing that's been on the table for these people.

What we are saying is that there should be oversight in terms of these most difficult, hardest hit areas, and these are the people who are proposing this document.

•(1440)

Mr. Randy Kamp: Let me try to understand a little more of what you are proposing. The document actually doesn't just refer to lobster, but refers to snow crab as well. Are you thinking it would apply to all Atlantic fisheries somehow, or just to lobster and snow crab? Is it only inshore fleets that you have in mind? I guess that's one question.

And what are the mechanics that you would see? Is it the elimination of entire fleets? You talked about one-third. So is it more of one than another? If I were a fisherman who was still there and didn't get rationalized—however that's going to happen, perhaps through some sort of buyout, I assume, where I would not leave unless I were bought out by somebody—how would my situation be any different if I still had 300 traps? Should I assume I'm going to make more income because there are fewer people, or do I get more traps? How do I improve my economic situation, as well as meeting the goal of greater sustainability of the resource?

Mr. Christian Brun: The associations that have joined together in this alliance have mostly concentrated on the lobster industry. There are implications for other industries, and other industries might join or prepare some form of proposal in light of, or inspired by, this. But these associations are mostly the ones that have been in difficulty around lobster. I think that's quite clear in the document.

The way this would work is difficult to say. There are different ways that programs are already working in Quebec, for example. We have a licence retirement program. We do other things also to offset the effort on the resource and have a snow crab quota at this time. A lot of these programs are already set and in place. What's missing is the necessary capital for them to have the necessary impact.

What is the impact necessary? That was your other question. In the document, you'll see that we're talking about 25% to 35% of our fleets. That is where the price tag mentioned earlier comes along. What we need to do at some point, if we do have a fund of capital available, is to go back to our membership and analyze this group by group, community by community, and then ask what exactly is the reduction in people needed in your area so that those who remain will be able to take the pie and divide it up with enough revenue left

for you—and with everything else remaining equal, and that's another challenge—so you will be able to have decent earnings from this fishery? That is the exercise we're willing to do.

Those who would remain, actually, would be willing to invest some of what is needed to be able to access this seed capital. They could borrow some funding for 25 to 30 years and pay it off every year. There are mechanisms, and quite an elaborate program in Quebec by O'Neil Cloutier and the guys, that show some very practical ways of how to do this.

Mr. Randy Kamp: Thank you.

The Chair: Thank you very much, Mr. Brun.

On behalf of the Standing Committee on Fisheries and Oceans, I'd like to thank you for taking the time to come to meet with us today to share your organization's views and recommendations for this committee. It's really very much appreciated.

Before we adjourn, on behalf of the committee, I'd like to say thank you to the staff who have travelled with us throughout this process. It's certainly made our lives much easier, and we do appreciate everything that everyone has done throughout these committee hearings. Thank you.

Some hon. members: Hear, hear!

The Chair: Also, we'd like to say thank you to the community of Alma for hosting us here today. Thank you very much.

Some hon. members: Hear, hear!

The Chair: Once again, thank you all for coming today.

The meeting is adjourned.

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Publié en conformité de l'autorité du Président de la Chambre des communes

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