

**HANSARD**

**NOVA SCOTIA HOUSE OF ASSEMBLY**

**COMMITTEE**

**ON**

**RESOURCES**

**Thursday, October 18, 2012**

**COMMITTEE ROOM 1**

**Victoria Co-operative Fisheries Ltd.**

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## **Resources Committee**

Mr. Sidney Prest (Chairman)  
Mr. Jim Boudreau (Vice-Chairman)  
Mr. Howard Epstein  
Mr. Mat Whynott  
Ms. Lenore Zann  
Mr. Leo Glavine  
Mr. Andrew Younger  
Mr. Alfie MacLeod  
Mr. Chuck Porter

[Hon. Wayne Gaudet replaced Mr. Andrew Younger]  
[Mr. Keith Bain replaced Mr. Chuck Porter]

In Attendance:

Ms. Jana Hodgson  
Legislative Committee Clerk

## **WITNESSES**

Victoria Co-operative Fisheries Ltd.

Mr. Osborne Burke, General Manager

**HALIFAX, THURSDAY, OCTOBER 18, 2012**

**STANDING COMMITTEE ON RESOURCES**

**9:00 A.M.**

**CHAIRMAN**

Mr. Sid Prest

MR. CHAIRMAN: Good morning, everyone. I guess the time has come to get our meeting underway here. On today's agenda we're going to have as a topic, the Victoria Co-Operative Fisheries Limited and Mr. Osborne Burke, the general manager. To get our meeting going, we will start with the introduction of the members of the committee. We will start with Mr. Whynott.

[The committee members introduced themselves.]

MR. CHAIRMAN: Thank you very much, committee members. On the agenda, the first witness, we will have him make a presentation. After the presentation we will have questions from the committee members. Go ahead, Mr. Burke.

MR. OSBORNE BURKE: Thank you and good morning to everyone. I am pleased to be here on behalf of our fishermen's co-op to make a brief presentation. I'm a man of a few words - I'm lying when I tell you that. (Laughter) At times I'm technically challenged so even though we have this presentation - which I had nothing to do with preparing - I have some old-fashioned copies here. I didn't give them out earlier because I'd probably have Keith looking at the pictures and he would be distracted.

My name is Osborne Burke and I do manage our Victoria Co-Operative Fisheries, and we are located in the northern end of Cape Breton Island. Just briefly, I started out in the fishing industry, actually fishing myself for the co-op at times, then did the "away" thing for a number of years, and then got back again into the fisheries and have been involved in it ever since in some way, shape or form. To this day, I'm still confused by fisheries policy, whether provincially or federally.

I am also involved a lot in fisheries through our fishing harbours, as you see in many of the communities. In the Maritimes Gulf Region, all the local small-craft harbours facilities, I chair our advisory committees and I also participate in our national committee across Canada since it formed in the year 2000, so I am quite involved in the fisheries end of it.

We're located in the region normally referred to - and it would be in Keith's area currently - North of Smokey area, from Cape Smokey to the northern tip of Cape Breton Island, from Ingonish down to Bay St. Lawrence and Meat Cove. In fact, within that entire area, we basically have about eight buying stations or eight harbours where we purchase our product from our members, including most recently in 2011, into Little River. Basically it's primarily a resource economy in our area - either tourism or fisheries - and we'd be the largest employer in Victoria County. Just in our production and our buying stations, we probably have in excess of 125 employees. For example, annual payroll runs around \$2 million into the economy there - greater than a national park or anything else within the area.

It was incorporated in 1956 so the co-op has been around quite a number of years. It has always been our goal to try to return dividends to the members when possible, keep enough reserves to operate on and build our assets, and try to be as self-sufficient as we possibly could.

We buy fish from about 160 commercial fishing vessels and there are about 500 people employed in that, directly in the fishery - either captains or crew members. For example, in 2011, what we paid out to the fishermen was roughly \$23 million in round numbers, so slightly over that, and we had sales of \$26 million. Part of the increase in sales in that given year was the increased value of some of the product as well, but typically, we're running anywhere from \$17 million to \$20 million.

We ship within Canada - some to Europe, some to Asia - but the majority is into the U.S. next door, our biggest market, where a lot of Nova Scotia seafood goes. The co-op had weathered the ground fishery when it closed out, and was still closed out in some of our areas, and a lot of our inshore fishermen - basically it's either lobster or crab and there used to be groundfish in the off-seasons, which we don't have the luxury of anymore, at least not in our area.

Basically, we also provide marine supplies and we carry about \$350,000 in supplies to provide for our members and we even sell to non-members as well in our retail store. We have two locations for that.

As I said earlier, we have eight buying stations. Some employ more than others where we're picking up the product, some harbours are larger. The processing plant is in New Haven, which is basically in Neil's Harbour. The lobster pound we have there, we can hold about a couple of hundred thousand pounds of lobster in chilled water.

We lease a restaurant to generate some more employment in the local area - the Chowder House. Some may have been there around the Cabot Trail. That's a leased property and building and we generally employ eight to 10 people seasonally in that. We've expanded the season since I've been there. We actually just closed down Sunday or Saturday - extended a little more season into the Celtic Colours time frame. We have our main office building and half of that we rent out to our local Pharmasave; they're a tenant in it with us. We have our own trucking company - North Victoria Trucking.

Currently, in the last few years anyway, we have the only lobster processing facility in Cape Breton Island. As far as management, it's basically managed by myself with our executive committee and a 12-member board of directors who are all commercial fishermen. They are selected from each one of the ports at their annual meeting by their fellow harvesters and 100 per cent of the ownership is basically made up of the members, so they all have a stake in it.

A lot of renovations - after a good year there in 2010 - we did a lot of renovations and repairs and upgrades to our production facility. Primarily we're processing snow crab and lobster in the peak season. To give you an idea of numbers, we purchased somewhere around 3 million to 4 million pounds of snow crab, and somewhere around 1.5 million pounds of lobster with probably a million of that lobster shipped out alive. We actually did some Fall production for the first time ever in 2010. We'd love to be able to continue to do that, but there are challenges with lobster in markets - as you're probably well aware - in Nova Scotia.

To mention some of our future plans - our lobster pound holding facility I could mention later, but that's at the top of our list; cold storage facility for bait and products. There is local mussel processing in Cape Breton right now in the St. Ann's Bay area that is all trucked to Prince Edward Island for production and marketed as Prince Edward Island mussels when they're actually Nova Scotia mussels. So there is some aquaculture there as well and needs some assistance, but also the priority would be for processing locally, which would be an additional benefit. We're always looking at expansion and additional buying stations.

Hand in hand with that, just to mention some of the challenges; our water system we have in Neil's Harbour, run by the municipality, is one; the high cost of utilities like Nova Scotia Power, and not only the high cost, but getting a continuous service because at times, I've said that the Nova Scotia Power supply in our area is probably - well, there's probably a better supply in downtown Iraq than there is in Cape Breton at times with power failures; access to funding; recent changes in the Nova Scotia Department of Fisheries and Aquaculture, which some may look at positively but from our perspective we might see one positive out of it - we see a lot of negatives; EI changes that were recently made by the federal government, and now they're backtracking on it because if anyone had asked the small-business owner, Ms. Finley or Mr. Harper, I think we would have had a totally different story to tell them about a common-sense approach; an aging workforce, which is a

challenge everywhere, including here, especially in the seasonal operations and in fish processing; and our challenges with the high Canadian dollar.

If I look at the high Canadian dollar, in 2009 our revenue from exchange and sales would have been over \$1 million. Our revenue from exchange and sales in 2011 was a negative \$686,000, so it's quite a significant swing. This year we might be to a positive of a few hundred thousand dollars. The export market and the high Canadian dollar are really providing challenges.

I think I've summed it all up as far as the presentation I have, as quickly as I could, I don't know if I'm within the 10 minutes, Mr. Chairman, I tried to be close. If there are any questions - I don't know if I've missed something or raised some questions.

MR. CHAIRMAN: Mr. Bain.

MR. KEITH BAIN: Thank you, Osborne, for your presentation this morning. I just want to, if I could, talk about a couple of items. You mentioned Nova Scotia Power and I know last year, I believe, when you reported to the committee, there were numerous power outages in the North of Smokey area and I know you're saying that they're not as bad, but they still are there. I think at that time you lost over \$100,000 worth of lobster?

MR. BURKE: That was on July 12<sup>th</sup>, on a beautiful sunny day with no wind and out goes the power, and your typical recording says two hours and then they'll change that after awhile for another couple of hours. We were faced with a situation where you've got lobster in the heat of the summer in chilled water, with no power and didn't have the luxury - because nobody ever conceived that we'd have problems in July with power, unless you obviously had a hurricane or something. We probably had 10 or 12 power failures in that year and most of them in the summertime with no warning, some they didn't even have records of. Of course, I became their worst nightmare, I believe, in calling and their solution to the whole thing was, buy a generator, more or less.

In talking with Nova Scotia Power staff, people out on the front lines, which we're lucky if we have two in the area at any given time now, short-staffed, but also infrastructure was where Nova Scotia Power was letting us down. If you asked the linemen, the insulators, the poles, the lines, brush - that is what was failing. If you speak to Nova Scotia Power, I believe they have a 40-foot or 80-foot right-of-way and some branches can lean over past that in a storm. I said how about we start with you cleaning up what you should clean up first and then we worry about the odd branch here and there?

We certainly did raise the issue locally with the municipality, with the MLA and MPs, and last year they did a lot of brush-clearing and replaced some lines and insulators and it made a significant difference, but we also went out and spent over \$125,000 to put a generator in that we could ill afford in a year when we had losses. But we had no choice because we would lose the product and, insurance-wise, we weren't covered for that type of loss. We recovered maybe \$50,000 on a \$100,000 loss.

From the Nova Scotia Power perspective, I think it continues to be a challenge and when they can come looking for an increase in rates, then they should be able to provide a product that's a continuous supply as much as possible. We can all understand that you can have the odd storm, certainly.

MR. BAIN: In that \$100,000 loss you say you were able to recoup some of it, but was there ever an offer of compensation made by Nova Scotia Power?

MR. BURKE: No, their only solution was, get a generator.

MR. BAIN: So instead of compensating, they're saying spend more money.

MR. BURKE: Yes.

MR. BAIN: If I could put one question - thank you, Mr. Chairman. In your presentation you mentioned the challenges and one of the ones you mentioned was the recent changes in the Department of Fisheries and Aquaculture. I wonder if you could expand on that.

MR. BURKE: Well, certainly. To come here today or to come here normally to meet with provincial Fisheries staff, you're coming to Halifax, for us is a five-and-a-half or six-hour run. To go and wholesale move the department or a large number of staff in a short period of time, in my opinion, without consultation with the industry to any amount - to my knowledge we weren't, I sit on a processors association as well - I don't know if people realize that over time, through attrition or people retiring, if you want to do something like that, I can understand it. I'm in an area where I'd gladly accept new jobs and extra jobs. However, to my numbers that I quickly add up, we're in excess of over 400 years of experience gone in a few months. You're not going to get that back if there's time for people to mentor or new people to come in.

We recently as a processors group of crab processors in Nova Scotia, which we're primarily all involved in, including two on the mainland side, we're at work and spend hundreds of thousands of dollars, with some assistance from the province, to get marine stewardship certification or MSC certification for our products and crab, which is a major thing for the European markets if you want to get into it. Even in the U.S. more customers are asking for marine stewardship certification, which basically allows the customers or consumers to know that things are being fished sustainably.

Anyway, I just had the occasion to talk to somebody in the provincial Fisheries a week ago - a junior person because there are a lot of junior people. They didn't have a clue what I was talking about. If had called Greg Roach or if I had called Bruce Osborne, or one of the others there, they'd certainly know what I was talking about. But when people were faced with - I mean I'm sitting back in rural Cape Breton and saying nobody is going to move, I said to myself, you'll be lucky to see 15 per cent or 20 per cent of the people move. So what happens is people have their families, they're in a location, suddenly they're told

they've got to move to one end of the province or the other, it's not going to happen. They're either going to blend into another department or they're going to retire.

We saw, whether it be Estelle Bryant, Greg Roach, various people leave the department. Some would argue that maybe they were going to leave anyway, but I think the changes certainly pushed some out the door earlier than others. The only positive thing I see out of the whole situation is that some of the people who have moved into other provincial departments may bring some fisheries expertise and knowledge to that department. For example, on a funding issue, we used to deal with provincial Fisheries before but basically, for the largest exporter in the province and the department doesn't have any money and any programs anymore, virtually nothing, we have to go to Economic and Rural Development and Tourism but most people in Economic Development don't have a good understanding of the fishery. But at least my understanding now is Bruce Osborne is in Economic Development so now we do have somebody there - whether or not he'll be assigned to deal with fisheries issues.

Overall, to sum it up, I think it was ill-timed, and over time would have been a better approach than the way it was done and, to my knowledge, very little consultation with the people who are affected. I've sat on the Fisheries Resource Conservation Council and other areas where provincial representation is there from fisheries - and you're talking either interprovincial, four or five provinces on the Gulf of St. Lawrence, or federal issues - and you've got to have people with expertise who understand what's happening, who are on those committees to protect Nova Scotia's interests. Now we're gone to a department where most of that expertise is gone overnight, that was the mistake.

MR. BAIN: Thanks, Mr. Chairman.

MR. CHAIRMAN: Mr. Glavine.

MR. LEO GLAVINE: Thank you, Mr. Chairman. I was just wondering if you could - thank you very much for your presentation, Mr. Burke. I was just wondering about the percentage of your business, I know primarily around lobster and crab but what about aquaculture, where are you in terms of a percentage there?

MR. BURKE: Other than being involved with the local mussel groups in providing transportation or trucking of their product, we're not directly involved in aquaculture ourselves. We've considered that, we've looked at it, we looked at what we could do best to help the industry in the area right now, and it would be accessing equipment and looking at times when our plant shuts down and people are unemployed that we could be processing, for example, the mussels in the area versus having them shipped out, and creating that local employment. That has always been the mindset of a co-op, to generate it locally rather than ship it out of town. So we're not directly involved as such at this time.

MR. GLAVINE: I asked the question really primarily because I think that industry had a tremendous potential. I think it was a mistake for government to give Cooke



Aquaculture \$25 million. I was wondering how you may see that wider spread and supporting the development, for example, with Victoria Co-op or generally even in Cape Breton?

MR. BURKE: Certainly, any time there are dollars being handed out or to assist as in the case of a co-op like ours or any of the seafood industry in Nova Scotia, we're supportive of it. We'd certainly be interested in accessing a portion of dollars to work with the aquaculture in the area. We've even looked ourselves at raising scallops, which has been done in New Brunswick and some other areas in cages. So there are opportunities there and everything that we can do - because the reality is we operate for four months out of 12 months and we're shut down for eight months which is not very good with our cost of infrastructure and overhead. We'd much prefer to be operating 12 months of the year if we could, or as much as possible. We'd certainly welcome some of those dollars in our area and in all areas.

MR. GLAVINE: Just a couple of other questions. The lobster fishery in my area, Harbourville on the Bay of Fundy just got started. One of the Hamilton boys there is into water with a new boat - \$700,000 - lobster fishing. Do you see any way in which we can get back to what should be a price where they can deal with those payments, and can have a viable and sustainable outlook for the future? At current prices, some fishermen are in jeopardy, I believe.

MR. BURKE: Certainly, they are. I believe the season opened at a \$3.50-a-pound lobster and likely - after next week because of some delays in weather - that will likely drop. It's a real possibility because - just the current markets. We're sitting idle now. We would like to be processing some of that lobster, we did that in 2010, but for example the markets are very challenging.

I just sold yesterday 30,000 pounds of raw lobster tails from our Spring production at a \$2-a-pound loss just to move them, sitting in storage in Boston. I had no choice in the matter because other production is coming on; if we could hold them longer that would be great. P.E.I. at one time had an inventory assistance program, it's something maybe the province - our challenge as a co-op or any of the processors is our lines of credit. I'll give you another example - we sold five truckloads of eight- to ten-ounce snow crab and had to sell it for US\$4.85 a pound because we're buying from fishermen, they need to get paid next week, our lines of credit - you get to a point where you're always keeping product moving. So we shipped that out and received the US\$4.85 a pound and talking six truckloads, you're talking roughly 200,000 pounds. If I had that same 200,000 pounds that I shipped out in late July, early August right now, I'd be in excess of another \$125,000 to \$150,000 for that product today - the value has gone up that much - but as a small co-op, we can't do that. So we sell it to seafood brokers, the seafood brokers hold onto it and generally, nine out of 10 times they'll make progress on it.

But whether it's lobster, whether it's crab, more competition, we're opening up more markets for lobster, part of the thing is that fishermen have to take some steps to make

some changes. If you look at all of Atlantic Canada, we've got 34 lobster seasons and I think 29 of them are open at the same time. Some of the fishermen are starting to look at adjusting some of the season dates, adjusting the volume coming in, supply and demand. If you take southwestern Nova Scotia, LFAs 33 and 34 will bring in 50 million pounds, but half of that is in the month of December.

Without a combination of processing and live market, live market can't handle it all and processing can't handle it all, so you have to have a combination of the two. For us, we could probably process half a million pounds or maybe more this Fall, but we might be six or eight months trying to sell that product. We just can't do it on our lines of credit. I believe the one in P.E.I. - the government took ownership or signed on to the product as it was ready and the industry was paid 75 per cent or 80 per cent of the value of it. The industry still sold it but the province at least had access to it in case something didn't work out. Then, when it was done, the province had to be repaid; it kind of supported their existing lines of credit. That certainly would spearhead more. If I had that option, we'd be processing now instead of having it - never mind all the people who are unemployed, we'd have another 80 or 90 people working for the rest of the Fall.

The lobster is going to be a challenge and it's going to continue to be a challenge. We have soft-shell lobster; we have a lot of lobsters. Catches are increasing in Maine and they're increasing in Nova Scotia so we're doing something right with the product, but it's moving so fast that the market is not keeping up with it. It's easy to say ship it to China or wherever, but that all takes time and effort and marketing dollars and assistance to open up those markets.

MR. GLAVINE: Thank you very much.

MR. CHAIRMAN: Mr. MacLeod.

MR. ALFIE MACLEOD: Thank you very much, Mr. Chairman, and thanks, Osborne, for your presentation. I'm just wondering, you talked about being the largest employer but yet only working four out of the 12 months. Is there any vision of the co-op as to what you would like to do to expand that? I know you talked a little bit but is it about cold storage or is it about - what exactly could you do to expand your season? Then again, what's available from government to help that to happen?

MR. BURKE: Well, if you look at lobsters, our holding facility should be double what it is and we don't have the dollars to proceed with that. A good example of that is we have a lot of product coming in. We paid our fishermen \$5 a pound this Spring for our lobster for the first six weeks and then we went at \$4.50, so overall they had a fairly good average.

Then, coming to the first week of August, we're done in the production of crab, and lobster season is over in mid-July. If we were able to hold more lobsters, we would process lobsters for another month or month and a half, hold them in our facility, but we couldn't.

This year, in one night we lost 50,000 pounds of lobsters - this year. There's \$250,000 of inventory gone overnight, in the blink of an eye. The main reason was warm water temperatures. Our pound was to its capacity. We were selling it but it was taking a few extra weeks to sell so we had to hold the surplus, as a lot do in Nova Scotia - in harbours, in the water, which is pristine, no problem there but water temperatures reached 64F, and I'm talking in early July. Overnight, with algae blooming, it just smothered the crates of lobsters.

So the priority for us is to expand that holding capacity because not only would we not have had the dead lobsters - even if markets are slow, over time you'll move the lobsters, but you've got to have the chilled water to hold them. Fishermen are bringing in lobsters off the bottom in 40-degree temperature, to the surface in 64 degrees, and then you're taking them in in warm weather. We've asked the fishermen this year to move the season ahead one week earlier next year in our area, to try to offset some of it.

The reality is that climates are changing, waters are warming up, catches are increasing, so you've got to have chilled water. Even in southwest Nova Scotia and those areas where they have large lobster pounds, they were challenged in the summer because they buy lobsters from our area. The outside surface temperature of the water was so hot that their chilling capacities, they could not keep the water cold enough and the lobsters were moulting and they were spawning within the holding facilities.

That's one thing overall in Nova Scotia, holding capacity, and chilled water needs to be increased. The challenge with that is to go out and to put those dollars out in the short term, you just don't have it. That, in itself, can help, an inventory assistance program where it would be an incentive, then you don't have to worry about having to sell it tomorrow. You still have to get the fishermen paid but we could be processing more of the lobster. Even bringing lobsters in from Maine has been done in season, in the off-season, and that's something that has been done for a number of years, but we've got to be careful in working with our neighbours as well. The protest we had in New Brunswick this year did nothing to help the industry in stopping trucks coming in, because we have more product going that way than they have coming our way.

MR. MACLEOD: Osborne, what would it cost to, say, double or at least 50 per cent more cooling capacity?

MR. BURKE: For us, you're probably talking \$600,000, would be a quick number.

MR. MACLEOD: And that would increase your season by maybe a month or a month and a half?

MR. BURKE: Oh, yes, but also it would increase the value of what you're selling, too, because we wouldn't be as panicked. Now we have to move it out every two days. If we don't - the first day of the season we've got 40,000 pounds, 50,000 pounds of lobsters coming in. The next day there's that much again - what are we going to do? Our co-op is for

moving, selling and logistics. It's a one-man operation - myself - so you're constantly juggling what you're trying to do to get those lobsters moving to keep everything out. We have some good customers in the U.S. to take our product because it's a good product and we can process right there if we have to, for weak lobsters or lobsters that - culls and types of things like that. It not only gives us the opportunity to hold more or less loss in mortality, but it also gives us the opportunity to do additional processing or some of it using shipping at a higher price so it's a better return to our members - i.e., the fishermen - at the end of the year.

MR. MACLEOD: What is the capacity of the plant on a daily shift - one shift, two shifts, three shifts?

MR. BURKE: It's one shift - usually 10 to 12 hours and then you have an overnight cleaning crew. If you look at the XL Foods in Alberta, you better make sure you allow time to clean your plant before you start up with a food product the next day. We have a capacity - we do about 3 million to 4 million pounds of crab processing. We could easily process 8 million - we have the capacity - if we had more product, and as quotas increase, that will help. On lobster, we could easily do on average 100,000 pounds per week - that's into a processed product in different formats, whether it be meat or raw tails or whole, cooked lobsters.

MR. MACLEOD: Is accessing capital to do these kinds of expansions one of your major challenges?

MR. BURKE: We had a program here with provincial Fisheries and they administered it recently and then the monies ran out. Everything now is shifted with the focus to Economic Development, but under that program we could access, like, 50-cent dollars in the processing sector. It worked very well because provincial Fisheries people who know the industry would come in, review the projects and look at the priorities and then they would, in turn, provide their support where it was warranted and then you would move on with it. Since that, I guess, our only source of funding, if you look at economic development and some of the programs that are there, there's some reference to the fact that resource industries may be considered. If I remember correctly on the - what's it called, the PIP program or whatever? Read down the fine print - we "may be considered" - yet we're the largest exporter in the province. It makes no sense to me.

We have these challenges all over the province with lobster, and fishermen are going to suffer because lobsters are going to back up. We're all processing that lobster and taking a big chunk of the market. The live market could provide a better dollar as well, if we're not flooded, but once the buyers get flooded with a product, they've got no choice. Believe me, all the buyers that are sitting in the Boston area or anywhere in the U.S. - they know this fishery far better than some of the fishermen that are fishing. They know exactly what harbour, they know exactly what time of the day, what time of the year, where they buy their product, what's good, what's soft shell, what's weak, what isn't. It's just amazing the amount of knowledge that these guys have, and they take advantage of that. They know

when we're having a glut of lobsters, and then they're going to drop their prices. The end result is less back to the fishermen.

MR. MACLEOD: Mr. Chairman, if I could, maybe one more question.

MR. CHAIRMAN: Go ahead.

MR. MACLEOD: Thank you. Osborne, if you were sitting back with your processor's hat on, could you identify two things that the provincial Department of Fisheries and Aquaculture could do to make this industry more sustainable and create more employment for a longer period of time? What would be the wish list?

MR. BURKE: I guess Fisheries and Aquaculture, if they had any kind of funding program, which they don't directly, the concern from the industry is, in that respect - if you're dealing with the Department of Economic and Rural Development and Tourism, they generally haven't dealt with fisheries-related stuff. So having, as I said when they did that, a portion of the funds carved off from the Department of Economic and Rural Development and Tourism, which Fisheries and Aquaculture would oversee and possibly sign off on. Then the Department of Economic and Rural Development and Tourism would make the final stamp on it or something, but we need the people with the experience and knowledge of the industry having access to a fund of those dollars set aside to assist the fishery, and then let the Department of Fisheries and Aquaculture work with us - what few are left with experience - to deal with that part of it.

The other thing I mentioned was some sort of an inventory assistance program where we could get support so we're not at the mercy of the banks on lines of credit, and quite a safe program because if the province was supporting that initiative, you'd have the product, you'd have access to it, you'd have control of it to some degree, or legally, so that I don't think there's any major danger to the province. We'll eventually sell off all of our inventory; however, it takes time. At the same time, you're paying out a lot of interest to the banks on your lines so that's another one from that perspective.

If you just look at quality of lobster, Fisheries and Aquaculture needs to take a bigger role; they do in licensing of fish plants and that, but the boats that are coming in with the lobster - in a lot of cases, they don't have live tanks. They take them out a few weeks before the season ends because they're trying to take in more traps, so they're landing lobsters in the heat of the season. There should be a requirement that all boats have some sort of holding tank and that it's with a separate water system pumping through or whatever.

The province needs to take a role in ensuring that the lobsters come to the wharf in as good a condition as possible. The federal department licenses the fishing but provincially, we need to do more on the quality and the handling of the product to the dockside. Then we, as the buyers, can't let it fall down either, we have to handle that product and get it in and get it stored properly.

In Cape Breton this year, probably half a million pounds of lobsters went to the dump - live lobster. We were 57,000 pounds of that. I talked to all the processors, a total waste of lobster, because of high mortality because of weak lobster, warm weather and warm water, and again even seasons, the times are changing and our season which is typically May 15<sup>th</sup> to July 15<sup>th</sup> - it's probably going to have to move to May 1<sup>st</sup> to July 1<sup>st</sup>. We have a lot of larger lobsters coming in at the end, they are large spawning lobsters and they don't survive. Anyone who wants to sit down there when we take the lobsters before we send them to the dump and you have crew there grinding up 1,000 pounds of five-pound lobsters before they send them off to the compost, it's a crying shame. That was what we were faced with - all the buyers and processors in Cape Breton this year, basically, with lobster in particular.

MR. MACLEOD: On the western side of the island, it does start on May 1<sup>st</sup>, doesn't it?

MR. BURKE: May 1<sup>st</sup>, yes. On the eastern shore it typically starts April 19<sup>th</sup>, in around Marie Joseph and those areas, I think; they are looking at pushing it back to April 1<sup>st</sup> next year. In L'Ardoise, Fourchu and those areas, in eastern shore as well or down into Cape Breton, they are looking at going from the 29<sup>th</sup> to the 19<sup>th</sup>. So some of the industry is starting to look at moving their season to adjust and some fishermen - rightfully or hopefully, I guess - believe that if they move the seasons that's going to solve the market issue. Not necessarily but it will help. The reality is that some of the industry is sitting down and starting to look at that, which I think they need to do because we've got, like I said, 25 or 29 seasons all open at the same time; we're all our own worst enemies in that respect.

So there are some changes that can be made in all the different sectors to assist with that, including government and, like I said, if we had more capacity to hold lobsters and some inventory assistance, yes, we'd be processing a lot more. If a few more do that, all of a sudden we're not at the mercy of the buyers in the U.S. who say we know you're flooded with lobsters this week, so we're going to drop 25 cents a pound.

At the end of the day, who pays for it? The fishermen, ultimately it all comes back. The buyer says, I'm not going to lose money, so it trickles down at the end of the day to the little community and the boats.

MR. MACLEOD: Thanks very much and thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Boudreau.

MR. JIM BOUDREAU: Mr. Burke, thank you very much for your presentation; it has been very informative. I've got a number of questions. I come from a fishing community and have spent a fair bit of time and worked with Mr. Roach, actually, when I was in university doing research on lobsters.

MR. BURKE: That was way back.

MR. BOUDREAU: That was way back, exactly. (Laughter) How many fishermen do you have in your co-op?

MR. BURKE: Actual members, around 127, if my memory serves me - around 127 or 130. The number can vary from year to year; someone retires, someone comes in.

MR. BOUDREAU: So I'm assuming there must be some sort of capital investment by those folks?

MR. BURKE: Yes, they have loan capital in there to the amount of \$5,000 per individual, over time, since the co-op started.

MR. BOUDREAU: So that hasn't increased over - like there has been no increase in that?

MR. BURKE: No, we made changes to it this year because it was limited to that, to provide some sort of incentive for them. A few did partake and we raised the limit up from \$5,000 to \$10,000, I believe, or it can even go to \$25,000 if they want to try to encourage more investment in it. But when they're getting the prices they are, even the prices we paid to some of the fish harvesters, a lot of them are still recovering from a bad year last year, another bad year this year, that they don't have a lot of dollars to put back into that right now because they're too busy trying to pay the bills as it is and pay for their boats, gear and everything else.

MR. BOUDREAU: In the area where I'm from, we've seen sort of historic catches of lobster you probably wouldn't have seen as far back as the 1930s when lobster catches were extremely high. You indicated there were a number of challenges and certainly there are a number of challenges. I think in my discussions with lobster fishermen I've been trying to explain to them that you have supply and demand issues and you have to start adjusting some things and seasons have to be adjusted. There has to be some kind of focus on the marketing and somehow containing or managing the supply that goes to the markets.

You mentioned the fact that soft-shell lobster is becoming a serious problem as water temperatures rise. I can go off the wharf in Canso now and catch tropical fish that are moving up, that's quite unknown, but they're there now so obviously things are changing and there have to be significant changes within the industry as well.

You mentioned about processing capacity and you're looking at expansions yourself. Where do we have lobster processing capacity within the province, other than yourself?

MR. BURKE: Us in Cape Breton; Aquashell, Frank de Waard. Frank has a place, I believe, in Pugwash or in that general area. I think he just accessed another one in maybe River John or in the Pictou area, somewhere there.

MR. BOUDREAU: Yes.

MR. BURKE: So there are those and there's Riverside Lobster in Meteghan. I believe that's it right now.

MR. BOUDREAU: I wasn't quite sure exactly how many processors we do have in the province.

MR. BURKE: Now Clearwater may have something, but I can't remember if they have any processing at all on the mainland now. They may have something down the way, I'm not sure if they do down there. There is very limited lobster processing, but even the processors who are there are underutilized as it is and it's a costly operation for somebody to get into, lobster processing, as well.

MR. BOUDREAU: That's the question I wanted to ask you - the supply. Most of our supply, as I understand it, is being processed in P.E.I., or a fair bit of it goes to P.E.I. for processing, and it seems odd that we as a province, with some of the largest catches in eastern Canada, have allowed that to happen over a long period of time. It's something that certainly there have been discussions on in our caucus and among ourselves about how we can deal with that kind of problem because it has gone on far too long. That sort of gets me into my next topic which is aquaculture and the mussel industry, for example.

In my area there were quite a number of mussel operations, but over the years, in the last decade, most of them have been bought up by P.E.I. operations, and in essence those have been closed down. The ones that are operating, all of the mussels go across the way and it irks me to no end to know that those Nova Scotia mussels are being marketed as P.E.I. mussels. Have you had many discussions with the Aquaculture Association about this?

MR. BURKE: No, more with the local producers. We have Cape North Mussels and they actually supply down your area for seed product to Aqua Farms - is it Aqua?

MR. BOUDREAU: Yes, but I think they're in the process of P.E.I.-ing it.

MR. BURKE: Yes. We haul a lot for Cape North Mussels with our trucking company, but it either goes to New Brunswick, to Grand Manan, for Cooke's, or it'll go to the Eastern Shore, some of it, some to Englishtown but primarily it's dominated by the P.E.I. industry. Then you've got pristine mussels being raised, whether in Cape Breton or along the Eastern Shore or anywhere. Then they're going over to P.E.I. to be cleaned up and bagged up. I've been there, in their production facility. I've been on marketing trips



abroad where they are standing there promoting them as P.E.I. mussels when you know they damn well came from Nova Scotia, so some assistance in that.

If you look at plants like ours, the timing for doing mussel production is the time when we're shut down, when we've got people on unemployment. Believe it or not, most people don't want to be on unemployment, they want to work. So there are opportunities there if you had the equipment to process the mussels locally. Even for the guys like Cape North Mussels that are providing seed product, they could do more but they're at the mercy of Dockendorff, for example, to bag up the seed and do that type of operation because they're not set up for it themselves and they don't have the dollars to put into that. So those types of dollars and infrastructure and investment will certainly be supportive in the industry.

Back to the lobster in your area, fortunately the timing of your season, that live market takes a lot of the product from your season, which is fortunate, but as other areas move their dates to coincide with yours, you're going to have more product on the market, right? So with the lobsters again, you've got to have a mix between - in southwestern Nova Scotia, if we don't have 10 or 12 million processed, they're going to get a lot less for their lobster than if it is processed. Whether it be in Nova Scotia or P.E.I. or New Brunswick, it's being trucked all over, even to the U.S. some it, to be processed, but the majority is probably P.E.I. and New Brunswick. We'd love to process it. We'd process it quickly, if we could, markets are a challenge.

MR. BOUDREAU: Just as an aside, have you had discussions with the folks in ERDT, in Fisheries, on moving in that direction?

MR. BURKE: In the past, well prior to the changes in the department, I honestly haven't sat down with Fisheries and Aquaculture since that. I had a brief conversation with them the other day. I want to but I just haven't had - we just came off our busy season time frame, and in the longer term, I guess I'll have to drive to Digby instead of stopping in Halifax.

MR. BOUDREAU: I don't think that may be the case - I think that certainly may not be the case. I think there are opportunities to work with folks like you. There is a change that has happened and as is usually the case, change isn't something that everyone likes. Inevitably, if you live on the coast, you understand that change happens, every six hours, or 12 hours, I suppose.

We've got change all the time and we have to adapt to that. In your industry, for example, there are lots of challenges and there's lots of change that is sort of coming your way. As a government and as an industry, we have to work together to try to meet those challenges.

MR. BURKE: When you look at the programs and assistance for fisheries and aquaculture, or fisheries in particular - there is some assistance to aquaculture, I guess - but

provincially we've been the largest exporter fighting back and forth with the oil and gas to that extent, I guess in a given year. Look at the programs that are available in your provincial fisheries department, there's not much there.

MR. BOUDREAU: And I think that's one of the reasons, or part of the rationale to moving it to ERDT, is that there will be.

MR. BURKE: But moving it there, in my personal opinion, it's a step backwards because people there don't have the knowledge and probably don't have as much interest, quite frankly, in the fishery. Even people in this province write the fishery off, but it's still been around a long time. You talk about sustainable; it's there and it can be. We're seeing it in lobster - I mean, markets haven't caught up with it but if the product and the seasons and the product are there and the opportunities, but I still think it has to have a fisheries connection within ERDT or a pot of money, as I said, that is allocated to Fisheries and Aquaculture that have the expertise, or did have the expertise, and hopefully will still allow dealing with those groups out there that they deal with on a daily basis. Given that ERDT - fisheries is not their prime target. You can look at your programs - as I said, the PIP program, we're mentioned briefly, way down. We're not a priority.

MR. BOUDREAU: But again it comes back to the point, have you applied to the PIP program? Have you tried?

MR. BURKE: Not right at the moment.

MR. BOUDREAU: This is a new program and it's an attempt to try to encourage manufacturing, processing and so on. I know in my constituency we've actually seen some of this, there has been some uptake on it and there has been some success, so I'd encourage you to do that.

Mr. Chairman, if I could move along.

MR. CHAIRMAN: You're out of time.

MR. BOUDREAU: Am I out of time? Come on. (Laughter) I'll come back.

MR. CHAIRMAN: Yes. You can come back. Mr. Gaudet.

HON. WAYNE GAUDET: Mr. Chairman, I want to basically look at the price that fishermen are getting for their lobster. It always amazes me - we've read and heard, especially in the last six months, from lobster fishermen down in southwestern Nova Scotia. They've had some public meetings, prices are low and they're trying to get better prices. I'm trying to understand, what kind of price difference is there for a lobster fisherman for a live lobster or having their lobster processed?

MR. BURKE: Typically from a fisherman's perspective and being one myself previously, they are coming to the wharf and they just want to unload their lobster and sell them. What typically happens is the buyer buys the lobster now and generally, some will sell "boat run", as they call it, right from the vessel onto the trucks and it's gone at a particular price. A processor gets that for a buyer and they may grade out some of the stronger stuff or the better blood protein levels; the weaker ones, they will either send to a processor or if it's a processor that has purchased them.

What ends up happening is, what coming in is a mixed bag. You'll have lobster with one claw, well, they're not likely going to the U.S. to the live market, you'll have weak lobster, you'll have some lobster with soft shell and generally you'll have lobster in different size categories based on poundage, whether it's one pound, a pound and a quarter or two and a half, two pounds, whatever and they're graded out.

Generally the buyers are paying the one price to the fishermen - in Nova Scotia in most cases anyway at most times - then they're grading it out and getting a higher value for some versus others. In some places they will offer two different prices, but then they're going to have to grade it at dockside is the only way I could see that happening. Typically, it's one price based on what they think they can get in the U.S. This year we were paying \$5 and probably on average getting \$5.60, but when you take our trucks and you load that up, first of all in our case we don't have an American-sized lobster in our area, so we have to weigh every single lobster, separate every single lobster, measure every single lobster and pick out the culls, the weak and the Canadian size and then we grade the American size because it's a different size measure. Then we load the truck and haul it off down to the border and off we go at \$5.60 U.S.

Well, \$5.60 U.S. right today will probably give you \$5.50 if you're lucky and when you consider all of your handling, there wasn't a lot of margin in live lobster. If you had the ability to hold it longer and sell it off later on well you could get a higher value. In our case with a co-op, great, in the case of a private buyer, if they can hold it later and make more dollars with it they're not likely going to return it to the fishermen. The fishermen are going to get what they get when they come to the wharf and that's based on the general run of the mill, whatever is going on. These buyers who are buying this product in the U.S., they know the times, the dates, the seasons.

Another thing is blood protein levels vary. You'll get even the Clearwaters of the world, whether you go down to southwestern Nova Scotia, they'll buy from certain wharves where the lobster go for live market, others they don't, they go for processing or are shipped to a processor. You've got quite a range of blood protein which is critical in making sure the lobster lasts as long as possible to ship to a live market. Quality can change just based on location, and that's no fault of the fishermen in some of the aspects.

Even when we buy in eight different harbours, we have different ranges of blood protein, different ranges of lobster. We know which lobsters we can ship to the U.S. and

which ones we can't, so it can vary area to area and even harbour to harbour within a lobster district.

MR. GAUDET: When you're processing lobster and you're paying \$5 a pound, is your company losing?

MR. BURKE: Yes.

MR. GAUDET: By how much?

MR. BURKE: Well, we process lobster at \$5 a pound and we do what they call claw and knuckle meat, typically in a one or two pound bag. We were selling that this year, when we first processed it, for \$17 U.S. Our cost was like \$16.65 on that. When you take in the fact you're losing on the exchange, we weren't making money. On raw lobster tails, we needed at least \$14.50 to \$14.75. We sell them for \$12.75 and yesterday I sold 29,540 pounds for \$12.50 U.S. When you do the exchange on that, take 2 cents off every dollar - that's what we're getting for it right now because the markets are down and they know it, and they know there is a backlog of lobster. I can't hold it until later on because the Bank of Montreal wants their money. We're limited with lines of credit; therefore, we're forced to sell it at \$2 per pound less, so \$5 per pound doesn't work for processing. Quite honestly, if it's back to the plant at \$4 per pound in today's markets, you have a chance.

What you're hoping to do when you buy them, if you're paying the fishermen \$5, you're hoping that some you'll recover on the live market and some - you're going to win in one area and lose in the other and balance it out; \$4 per pound, quite frankly, is probably the minimum. I don't think most lobster fishermen can survive on \$4 a pound; \$5 is where it should be for them. Some fishermen will come to you and say, well, in 2002 we got \$6 or \$6.50 or \$7, but look at where the exchange was then. So the exchange is a major factor in it, for sure, not including quality and everything else.

MR. GAUDET: So when I'm looking at the limited processing that takes place in our province, looking at the fact that there's no money in processing . . .

MR. BURKE: Well, there is if the market is there or the pricing or the time of the year - again, no different than live lobster. For example, we could be processing lobsters another eight months of the year. We're not; we're sitting idle. There are other processing facilities that could be processing as well. You have to have a mix. I think down the road, you're going to see some sort of a grading where you're going to have - just like you see in the U.S. that we get notices every week. They have a processor grade and a live market grade, whether you grade it at the wharf or whatever you do. That's going to have its own challenges.

MR. GAUDET: Our current Minister of Fisheries and Aquaculture in recent years - he's a lobster fisherman himself - he did indicate that he would do whatever he could to try to help the industry. I'm just curious, does the Department of Fisheries and Aquaculture in

our province have a role in maybe two areas: trying to get a better price for lobsters; and does the department have a role to play in maybe processing more lobsters here at home than shipping them out to New Brunswick or Prince Edward Island, for example?

MR. BURKE: In markets and that, the province has had representation. I think Estelle Bryant who recently retired, whether it's the Boston Seafood Show or marketing missions to other areas, the province has been there with us. I think that's where their expertise or assistance would be: making arrangements, meeting with potential customers. Markets don't happen overnight; it takes years to develop some of the markets and new markets. Some people believe you can just show up and that's it. No, it doesn't work that way.

Assisting with the processing sector is working with processors such as ourselves and seeing what assistance and what programs are there to assist us in increasing our capacity. For processing lobster - today I could be processing lobster. We're sitting idle. I don't need a hell of a lot to do, if I had the orders. I could go and process it on spec, but that's a hell of a risk for us unless somebody was willing to carry the inventory for us or give us the opportunity. The bank is not going to want to do it; they want to know you've got a sale for the product, because you start up - you're starting with buying 500,000, 600,000, 700,000 pounds of lobsters and processing them. So we don't need a lot.

We're trying to beat the doors down and look at other options - other types of products, too, with lobster; not just the traditional. There are usually whole lobsters cooked or claws or raw tails. We had a firm over from Japan this year and we removed the tails from the shells, just doing the meat only - a manual operation, but just to start off. They were very impressed with it and they'll be back next year. So we're starting to open some doors in Japan with some lobsters. We shipped some processed lobsters there for the first time ever - they had their technicians in the plant.

We've got a good handle on the crab, but we don't on the lobster and we need to open up more opportunities and more markets. That's kind of the chicken and egg approach - I can't sell the product because I don't have it right now. Well, what I have I'm selling off but there's challenges in timing of selling it.

Generally the reason we've got to sell it now is because we've got to get the money back to pay off our lines of credit. So we're forced to sell it when the market is low because we can't keep carrying it.

MR. GAUDET: I guess one final question, is there currently a discussion between the industry and the department to try to find better markets, better prices, trying to address some of the concerns that the lobster industry has in our province?

MR. BURKE: The quick answer would be yes, it may be all in different bits and pieces but whether it's through trade missions, whether it's through the province with their

booths at the Boston Seafood Show or ongoing discussions, there is some of that taking place. We have a processors advisory committee but probably that's more general items.

There are initiatives and usually it's typically processors dealing with provincial people, typically with their own companies or whatever, sometimes in a group. So there is some of that taking place.

MR. GAUDET: Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Epstein.

MR. HOWARD EPSTEIN: Mr. Burke, thank you very much, this was a very interesting presentation. I want to start off by assuring you that no one in this government has written the fishery off - I think I heard you say that. We recognize that the fishery is probably really Nova Scotia's main economic sector. I think in total it's well over \$1 billion and it's just a major contributor to economic life here. But we also recognize that it's the federal government that actually has control over a lot of the things you've been talking about that maybe are pressures on you. Of course, DFO licenses and sets the terms and sets the season and so on. The federal government, of course, has control over the major economic levers which are going to affect the exchange rate.

Can I start by asking a little bit about the season? I may be out of date with DFO terminology but I think they used to refer to it as LFA 27, is that still the terminology they use for where you are?

MR. BURKE: Yes, lobster fishing area, yes.

MR. EPSTEIN: So you are in 27.

MR. BURKE: We are in 27.

MR. EPSTEIN: And it used to be that the season was May 15<sup>th</sup> to July 15<sup>th</sup>, are those still the dates?

MR. BURKE: Most recently, May 11<sup>th</sup> to July 11<sup>th</sup>. It has been adjusted typically a few days one way or the other, either because of weather or request of the industry.

MR. EPSTEIN: The only reason I asked is that's a two-month period and I heard you talk about a four-month season, so is that the snow crabs and so on?

MR. BURKE: Snow crab would be another factor. This year we started production on April 7<sup>th</sup>, the earliest ever on snow crab. Snow crab bodes well for next year as well. So the season has started earlier and they usually fish areas 20 to 24, which are all the way around northern Cape Breton, up to Louisbourg and out to Sable Island.

MR. EPSTEIN: Well, you certainly made a good point about the increased temperature of the water and what a major factor that is for you. What are the dates that you would like to see the lobster season start?

MR. BURKE: Well, that's an industry decision, like the management, between Fisheries and Oceans and the fishermen. We had a meeting the first time ever of 11 of our 12 lobster buyers in Cape Breton and we've supported the concept of May 1<sup>st</sup>. To me, the fishermen have to make that decision so we've made a recommendation and when they have their meeting and their management advisory committee, hopefully they'll take that under consideration.

As I mentioned earlier, some of the other areas, the fishing industry is starting to realize they've got to adjust because the fishermen are coming to the wharves with lobsters in the heat that they see are dying and they don't want to do that because in the long term that's impacting their industry and their livelihood.

MR. EPSTEIN: So that hasn't gone up to DFO yet as a proposal?

MR. BURKE: No, they have a post-season meeting typically in November and then a final meeting in early Spring. It varies for each area because the seasons are at different times.

Back to your comment about not supporting the fishery, if you ask the average little fishing harbour, provincial Fisheries had a program up to \$15,000 to fund either a little bait shed or a ramp or whatever, that money is gone. That was probably \$600,000 a year in the entire damn province. So if the government of the day is serious about supporting the industry, why is that gone? That's one example, that wasn't a lot of dollars but they could use that for leverage. If you ask your provincial Fisheries rep, and there are a number of them around the province employed by the Department of Fisheries and Aquaculture, they don't have any programs anymore. They don't have any little pots of money that people could use to leverage that \$15,000 into something from the feds and something from themselves. So when you ask the average fisherman or coastal community, they're looking and saying, well how is this supporting us when they've taken away what little we had?

MR. EPSTEIN: I wanted to look at some of the things the province might help out on. I heard you mention a problem with water supply.

MR. BURKE: Well, in our municipality it's a challenge for us with expansion because on our peak days we could have used up to 10,000 gallons. Our holding tank in Neil's Harbour/New Haven, for the entire community - including the hospital and fire departments - is the same equivalency and it's taken from surface water from a brook or stream. They're looking at some drilled wells, but it is a challenge for us in the peak July and August time frame because you have our hospital added onto the system and you also have tourism businesses open, you have homes and you have the heat of the summer and you're taking it from a stream.

MR. EPSTEIN: And that's fresh water?

MR. BURKE: Yes, we have to use municipally-treated water to process with.

MR. EPSTEIN: Right, it's the processing, that water is . . .

MR. BURKE: Believe it or not if we cook lobster, we cook lobster in fresh water, shocking it and then brine is added to the meat afterward. But that's a requirement of food safety, you have to have treated water.

MR. EPSTEIN: So is the problem the volume of water in your community?

MR. BURKE: Yes, that would be a challenge for us. In our system, right there for our production facility in the peak months - now in the offseason it might not be so bad, but as a plant, if you want to look at expansion, you're looking at more water consumption. So there are challenges with a municipal system, it's limited because of capacity.

MR. EPSTEIN: Right, I understand that one perfectly. I would encourage . . .

MR. BURKE: It's not a major limitation, but it is a limitation.

MR. EPSTEIN: No, no, I understand all of the factors. I just encourage your municipality to talk to the province about that.

Can I ask about electricity? You gave a very vivid picture of what happened when you lost your electricity. Was it in a storm, is that what happened?

MR. BURKE: No, it was a sunny July 12, 2011 day.

MR. EPSTEIN: So what happened? I must have misunderstood.

MR. BURKE: The lights went out. Why? We still don't know. I think somewhere a branch or something touched, but basically the tree trimming across the province, there's probably enough work there in one year for 10 years work. Pick Lunenburg and pull in off the highway and look overhead and that's one end of the province. Come to our end and it's the same thing. They did spend four or five months in our area, only after we screamed, hollered, pleaded, went to the media, municipality, elected representatives from all levels and they finally started hitting with some of the infrastructure they've been neglecting. Before they pay all of their bonuses and everything else, fix some of the infrastructure in some of these areas that have been neglected for years. That will go a long way, the improvements we saw in one year virtually we had minimal power failures in 2012. We had a generator just in case. I could have spent that \$125,000 or \$150,000 better somewhere else, but . . .



MR. EPSTEIN: Sure. You mentioned several things about that and one is to get Nova Scotia Power to kind of do a better job, the other you mentioned is insurance, the other is you mentioned putting in a generator which you've now done. The one I wondered about was whether your co-op has ever considered the possibility of generating its own electricity. Has that been explored? Is that possible where you are?

MR. BURKE: We're involved with Efficiency Nova Scotia now doing an initial audit actually on a number of the areas where we could possibly improve. At the same time, as you say, we're also looking to see what we could do, what the options are. The audit is not complete yet, so once it is - it's being done by CBCL Limited in Sydney for us and we're going to Efficiency Nova Scotia to see what the recommendations are, it's getting near the draft stage now, so we have considered other options.

MR. EPSTEIN: And I just wanted to make sure that you did know that the province does have programs to help local communities, including co-ops and municipalities, to generate their own electricity.

MR. BURKE: Yes, I'm aware of that.

MR. EPSTEIN: Okay, great, thank you.

MR. CHAIRMAN: Mr. Glavine.

MR. GLAVINE: I just need to go back, Mr. Burke, to an earlier statement you made that I found pretty disturbing, whether it was 50,000 or 500,000 pounds of lobster you say were lost?

MR. BURKE: Yes.

MR. GLAVINE: Which was it?

MR. BURKE: It's around 500,000 pounds; that's my estimate in talking to the various buyers. I know another buyer that lost 7,000 in 2011, 37,000 in 2012 and a lot of it is due to the limited capacity. A lot of the buyers who buy lobster hold them in harbours, some are fortunate like us in Cape Breton to have chilled facilities. I know one who expanded last year and even with the expansion lost 37,000 pounds which, when you take theirs and ours combined, you are damn near 100,000 in two buyers and it's a crying shame that that product is gone, lost and it's strictly because we don't have the capacity to hold it in chilled water because you have to get your lobster into chilled water, especially with the increasing temperatures. If the temperature was 45 or 50 degrees at the surface like it is and even in May it's not as cold as it used to be, then we wouldn't have those losses.

The reason we have large capacities in that water is because the markets are slow moving at certain times and you either have to dump it at a lower price - i.e. then less to the

fishermen - or if you have the capacity to hold it you can wait it out and sell it and put it into the market at your pace versus theirs.

MR. GLAVINE: I find that pretty disturbing when you think in terms of employment, revenue, export potential, that whole area, along with, of course, the numerous challenges that you've pointed out this morning. In fact, this is likely to happen again if you don't get some degree of support, to be able to support the Victoria Co-Op.

MR. BURKE: Not just us but province-wide, your temperatures are going to be warmer again next year than they were last year. In the next few years the cycle is going to continue. You can adjust seasons, you can adjust whatever you have but infrastructure and the capacity to hold lobster in this province, we better increase it. We're at the mercy of customers in the U.S. or wherever because, as I say, if they know you've got it and you have to move it and you can't wait a few days, then you're going to have to sell it for less. That translates into less dollars for everyone.

MR. GLAVINE: That's it, thank you.

MR. CHAIRMAN: Mr. Bain.

MR. BAIN: Thanks, Mr. Chairman. Just three short questions, I guess, Osborne. We talked about Nova Scotia Power and the problems that resulted because of a lack of maintenance. One of the things that we, as a caucus, have been talking about in that respect is that Nova Scotia Power be penalized when it comes to not looking after their areas of concern. Do you feel that something like that would be the right approach to take? Here you go, you lost \$100,000 worth of product that nobody was responsible for, so you ended up taking a loss. Do you think there should be a penalty assessed to a utility provider like that?

MR. BURKE: In some way, shape or form, whether it's holding rates at a certain level or doing something to provide some incentive to them to put their dollars where they should. I mean the infrastructure and the staffing, the staffing is severely reduced and infrastructure especially has been neglected.

Just the tree clearing, if we ever have an ice storm like they had in Quebec, you'll all be looking at Nova Scotia Power because I tell you, there's a tremendous amount of right-of-ways. They will argue, well, trees can still come down beyond the limits, but let's go and clean out what they have. Just the tree clearing and the lines and insulators and poles where they have to - if you go out and speak to their front-line staff, which they probably wouldn't be happy to have you do, but you ask the average lineman and you'll get an earful as to the lack of infrastructure and dollars.

I think they have to start spending some of their dollars there before they start asking people, whether it's myself or anybody else or any business, to start contributing more, show us where you're spending the dollars and show us where you're making

improvements. In this day and age we should have a reasonably uninterrupted supply of power across the province.

MR. BAIN: The next question, I guess, is probably going to be a two-part question. We talked about the Boston Seafood Show that I know you attend yearly, the first question would be relating to that: does the opportunity to be at the seafood show open up new markets for Victoria Co-Op Fisheries? That would be the first one.

I know that the Department of Fisheries and Aquaculture, this is part of their marketing, but overall do you feel that the department is doing enough to market the fishery industry in Nova Scotia?

MR. BURKE: Well, as far as attending the show and does it open up markets, without a doubt. Do we make contacts there over a period of two or three days? Certainly - I'll give you an example. We have lobster buyers we deal with in the U.S., in the Boston area. By being down there and meeting with them and meeting with some of their customers, we've picked up a couple of customers in L.A., down in good old Los Angeles, that we've started shipping some product to that we haven't before, because of contacts made at the show.

We ship lobsters to another live lobster buyer south of Boston, a few truckloads this year that we never have before, that we met at the Boston Seafood Show. So it does have an impact. I mean just speaking from our own experience, whether it be snow crab and other products, it does open doors. Provincial Fisheries and Nova Scotia have their booth there and I think that given what resources they have, they're probably doing - at that time anyway - the best they could.

Next Spring, we'll see the Boston Seafood Show because we have a different department and a lot of senior staff gone so that expertise, as I said, is hard to replace when you've got people in the department who don't even know, as I said, about MSC certification or whatever. Hopefully we'll fill the gaps as soon as possible, but it's hard to replace that 400-plus years of experience overnight.

MR. BAIN: I guess my last question, if I could, is consideration of value-added products in the industry. I know that you're selling your lobster tails and everything else, but value added is - when you're looking at an industry that the market is loaded, value added seems to be a good way to go - a different offering to the public, but in order to go with value added, you also need the dollars to get there. I want to get your feeling as to whether or not that would be something that Victoria Co-op Fisheries would be considering, getting into value added.

MR. BURKE: For example, back to mussels - typically the mussels in St. Ann's or around Cape Breton or wherever in Nova Scotia, a lot of it is just shipped to P.E.I. and cleaned over there. Some is sold in Nova Scotia, probably in just their live form to restaurants, but those lobsters are taken to P.E.I. - I saw the process. They're cooked and

bagged in a one- or two-pound bag. We already have equipment that we use for snow crab or lobster that could do the very same thing. We may have to make some slight changes or modifications, but taking that product from that raw stage and shipping it away to be cleaned - well, number one, cleaning it and doing that here generates jobs. Doing the value added and cooking it in whether a one- or two-pound bag or other format, certainly the value added is adding more dollars or more value to it.

We've done the same in the co-op. Prior to 1995, we didn't process snow crab. We bought it and we shipped it out. Most of it went to New Brunswick. The co-op themselves over the years, without any dollars from government at that time, invested in the processing equipment to process snow crab. Now we're processing that crab, where before it just went out the door. We're doing some, as I say, with lobsters - a combination of live and processed.

Yes, value added is the way to go. We've got to get up to standard and get the blinders off. We do claw, knuckle meat and raw tails; now we're looking at taking the shell off the tails, even if it's only manually. There is equipment for that, but it has an impact on the product too. Clearwater does it currently with an air injection machine. Working with our customers in Japan this year that we met up with again, and chatting at the Boston Seafood Show as well, we're looking at doing something with the shell off, which right now for us can be done easily as a manual operation but eventually could be done with equipment as well.

It opens up a different market because we have our four- to five-ounce tails, which are generally what comes off your average Nova Scotia lobster, and they're the slowest ones to move. So if we can get the market going with the shell off, that opens all kinds of opportunities. If I could do that, I know the Japanese customer would take them, if we can get that developed over there with them. Then we could buy more lobster because our restriction is on the tails; not so much on the meat end of it.

MR. BAIN: You mentioned something in a conversation we had at one time, when you're talking about the tails. A four- or five-ounce tail, depending on the quality, size-wise and weight-wise are two different things, right?

MR. BURKE: Well, right now we could have brought lobsters in, at the same time we were paying \$5 to our own fishermen, I could have lobsters delivered, the same size, from Maine for \$2.75 to our door - soft shell - but when you process that, you could have a raw four-ounce tail and a raw four-ounce spring tail in a soft shell. That's where quality goes out the window and price becomes the major factor for the buyers. They look the same. One might have three ounces of meat in it or three and a half, and one may have two and a half, but it's a raw four-ounce tail. This one is \$2 or \$2.50 per pound less than that. Quality is gone in that respect there.

MR. BAIN: So that would basically kill your local market.

MR. BURKE: The two look the same, but it's certainly not the same product. Some buyers know the difference, but some don't care. If it's going to a cruise line, they're going to take whatever is cheapest. Sometimes if you look at markets in China, you might move volume over time, but they want it for nothing as well. We're underselling ourselves when we have a prime product and we need to market it that way: that it is a good product and the best in the world as far as lobster, and we need to get a premium price for it. In all parts of the chain we have to make steps to improve quality and handling and do value added in other products with it.

MR. CHAIRMAN: Mr. Boudreau.

MR. BOUDREAU: There's certainly lots of information here to talk about. I want to address a couple of things on points that were made across the table. One is with regard to support for the fishing industry. I would suggest that this minister has done a great deal to support the lobster fishery in particular; he was a great supporter of the Lobster Council of Canada, getting that set up. I would also point out that this government, and this minister in particular, was very vocal about the owner-operator policy which would have decimated the inshore fishery in this province. If anybody doesn't think that then they're living in Technicolor.

One of the things that was said, too, with regard to Cooke Aquaculture, it was said across the table that, I believe - and I'm paraphrasing Mr. Glavine - he wasn't supportive of Cooke Aquaculture. I would suggest that maybe he should talk to his own colleagues like Junior Theriault and others in his caucus who are very supportive of aquaculture and what it does for places like Digby, Shelburne, and Barrington. I just spoke to my colleague across the table about the importance of that industry to a boat-building shop in his constituency; it's rather amazing to understand that.

I think that we have to certainly change in this province and change is difficult, for sure, but change will come and you, yourself, were talking about that. If my memory serves me correct, when I was ministerial assistant for the Department of Fisheries and Aquaculture, your company applied for assistance to get monies, I believe, to assist you with processing lobster. Is that correct?

MR. BURKE: That was the last year when we became aware of the program, I think there was \$3.5 million available or something and we did access a bit of money and that was my first year at the co-op.

MR. BOUDREAU: Yes and you got money to supply batch cookers, upgrade your refrigeration equipment and also to install a raw lobster processing line, right?

MR. BURKE: To improve what we had there with the butchering station, yes. That's the program I was referring to, that provincial Fisheries had control over that pot of money and when we found out - we didn't even know about it, myself because I only came on in 2010 as the manager. So when I did find out about it and talked to people like Greg

Roach and Bruce Osborne, we did make application at the tail-end of the program and we were able to access that on 50-cent dollars and we were able to improve some pieces of the equipment. As I said, we spent over \$0.5 million in 2010 and I believe we might have got \$40,000 or \$50,000 in assistance in that particular component. But that was March 31, 2011, that was gone and I'm saying everything transferred over to the Department of Economic Development.

My point is a pot of it should be allotted or carved out and let provincial Fisheries continue to do the very same things they were doing then because they have the expertise and the knowledge in vetting those projects.

MR. BOUDREAU: Yes and that pot of money, I think, was through the Community Development Trust Fund which was something that was a federal-provincial initiative. The federal government, I believe - and I stand to be corrected here - pulled their funding from that program.

MR. BURKE: Exactly, it was a pot of money over a period of time and it's gone, and if anything could be done to bring something like that back. What I'm saying is whether it's provincial or a combination, if there's some tie-in to the provincial Fisheries Department, whether it's used in a given year or whether it's used somewhere else, I guess, but to allow that - because the ideal situation with that is you dealt with people in provincial Fisheries at the time who came out to the plants, who knew - whether it was the processing or the fishermen or whatever - they could vet that project better than anyone else because they knew. Still somebody else above them had to approve it anyway and that's gone.

MR. BOUDREAU: I understand that, but I think part of the rationale behind connecting various industries is to sort of get away from the silo approach that we have in Nova Scotia, too. We've got to look at the fact that these industries are not just sort of stand-alone industries. There are opportunities to work with various departments and so on.

I don't think, personally, that the silo method that we've had in this province - I don't want to venture a guess but I'd probably go back to the 1800s somewhere - hasn't really adapted to the realities that exist out there. So quite frankly, I'm happy to see some of the changes because I think that with these changes will come more opportunities and more access to capital than the fishing industry had, because you were limited with a certain small budget. I don't think that's going to happen.

I believe there are opportunities out there. I would encourage you, for example, to apply to the PIP program, especially when you're looking at value added. I agree with my colleague across the way - value added is something that has been non-existent in this province.

MR. BURKE: But under the PIP program again, there's a brief mention down below that says, resources or something may be considered, it kind of just quite frankly

pisses you off and you say why bother, we're not a priority in this, and also it's limited to 20 per cent, which, quite frankly, any of the processors in the province at a 20 per cent level are probably not going to be able to go out and do a whole lot. That's a limitation.

MR. BOUDREAU: We've had an uptake in my constituency on that, in the fishing industry and also in the manufacturing industry.

MR. BURKE: And in good years you may very well but in the last year or two, it's not feasible to do that 20 per cent level. There would have to be some investment from the industry as well, I agree, and at the level of 20/80, it's just not a feasible option for us at this point.

MR. BOUDREAU: Well I hope you can bring that to - we're hearing it today and certainly your message will get back to government for sure.

I just want to talk a little bit about the crab industry because as I said about the mussel industry here in this province, we've seen it over the last decade; it has not just happened in the last two to three years. Over the last decade we have seen consistently our shellfish, aquaculture operations, being bought out by companies outside of the province. Over a period of time, we've seen those sort of slowly but surely move. There's very few that are operating in the province right now. I've got one on the Eastern Shore that's independent, so to speak, and you've got one in your area, I don't know where else there's a few more.

You know the PIP program, for example, would be something that you might want to look at with regard to cleaning the mussels. You said basically this is a down time for you; this might be an opportunity to try something. I'm sure there are opportunities with other suppliers who might want to buy into what you're doing, too.

The crab industry - in Canso I see trucks going out of that community, on their way to New Brunswick mostly and I'm sure that's not any different than any other places in the province. My question is, how can lobster and crab and various other species be trucked out of the province to P.E.I. and to New Brunswick and those people are still making money, or obviously staying afloat? Now I know you did mention that P.E.I. carries some inventory, I'm going to check into it.

MR. BURKE: No, they had a program, they don't have it anymore. They did have one.

MR. BOUDREAU: Okay, they had one.

MR. BURKE: But the live product going out, there are some New Brunswick-based companies - we look at Cape Bald Packers - buys in Canso, they're a New Brunswick-based company. They buy in Ingonish, they buy on a few wharves there. Every bit of crab they buy, they ship back to their processing facility in Cap-Pele. You have

commission buyers who buy in Canso. One that I know quite well is RBN Fisheries, Brian Newell, a lot of us in the industry know Brian. Brian is going to buy a live product; he has to sell it somewhere. So wherever they can get the price for it - if it's northern New Brunswick where it's going, it's going to go to a processing facility there.

Now we've tried to spread the season out in Nova Scotia. There's more snow crab being processed in Nova Scotia now than there ever was. By starting earlier and working around it, for us in lobster - in our own lobster season coming next year with where I think a lot of the crab will be, we'll probably try next year in the actual season time frame to process more crab and ship more live lobster. However, we'll look at the offseason - September, October, November, December - for trying to buy in Yarmouth and those areas with our own trucks, and process the lobster at that time.

The capacity is in Nova Scotia to process all the snow crab, but as a provincial government, provincial Fisheries Department, you license those companies to come in and buy on our wharves. I believe there are inter-provincial trade issues there as well. Newfoundland requires everything to be processed in Newfoundland. There are challenges with that as well. That can be at the detriment of the industry sometimes, too, to the fishermen themselves, if they're limited in the markets. If you ask Newfoundland fishermen, they would like to have the option to sell it elsewhere. There are challenges, but the amount going out is not as great as it used to be, but there are some companies that are licensed to buy within Nova Scotia and from outside the province, that buy product and take it out of there. What they're doing is they're filling in their offseason when they don't have their own product, right?

MR. BOUDREAU: Yes, very good. Thank you.

MR. CHAIRMAN: Thank you, Mr. Boudreau. Mr. Gaudet.

MR. GAUDET: Mr. Burke, in your presentation, you indicated that your co-op has in excess of 125 employees. Also, you pointed out that one of your challenges your co-op has is your aging workforce. My first question is, is your workforce stable? Do you have difficulties in finding employees at home?

MR. BURKE: The quick answer would be yes, it's stable to some degree. They're getting older. We probably have a transient group of 15 to 20 who come from Newfoundland every year - they have for many years. We have accommodations for them. They stay there and they live in the community; some longer than others. Some have transferred over and stayed there, but generally from our own local area. The last two years have been much more challenging to get the people in and to keep them there. The processing industry is not for everybody, so it's going to become more of a challenge because our communities are aging.

Quite frankly, our oldest employee, I think, is 70, and he's probably more active than some of the 20-year-olds; he's there every day. We have a range of ages and there are



challenges in a younger generation getting into the processing sector. We're losing a lot of our young people who are moving out of the communities. You may get a certain percentage that will stay, but generally we're getting to the point where we have to seriously consider looking at the foreign worker program.

The recent changes to EI have done nothing to support us, now that Ms. Finley has gone back on what they originally started - as an example, this whole temporary pilot work program. If they had asked anybody with a small business, they would have told them to give your heads a shake. We had somebody who is on \$300 per week EI, who now will come to work and earn 10 hours at \$100. They lose \$50 plus their travel, plus if they had to get a babysitter if it's a single mom or somebody - under the new program. Now they've said they've reverted back to the old program. However, these people need their money every week.

The change they backpedalled on is that basically, you still have to claim it, you still lose it each week - on January 5, 2013, we'll give you one cheque for the whole amount. Well, tell that to somebody who is getting \$300 per week. They need the money when they earn it. If they had asked small industry, we probably would have said, leave what was there under 20 hours of work per week, which in reality a lot of it - whether it be the Tim Hortons, the local convenience store in Nova Scotia or processing sector. We're doing some mackerel right now. We might have three hours work today, four tomorrow. People were willing to come in. With that change, they said, no, we're not coming. I can't blame them, quite frankly. You can't blame them for it.

Even with the change now, they're going to have to come in and work, but they don't get paid until January for it. Once they opt for the old program, they can't go into the change they made, which would benefit if you're working more than four days per week at less than 20 hours. The old program was better, so why didn't they either have a combination of the two or something? Once you opt back now, later on if you get four days per week, you can't opt for that one anymore. It's confused - there's more of a disincentive right now to the whole issue with EI. Quite frankly, as a small business and as a co-op or processing sector, if the government of the day federally ends up to the point of saying to people that you've got to take that job, then I don't want them because my productivity is going to be zero. I want the workers there because they want to work and I want to give them a full week's work; I don't want to give them one day or two days, if I can. These changes have a direct impact on us.

Now in the old system, they could earn 40 per cent without any impact on their EI, Christ, make it 70 per cent - we'd probably have a better incentive to do it. So those types of challenges - back to the aging work force and recent E.I. changes - didn't help matters either.

The reality is that we are getting to the point where we don't have a pool to draw from, back to our rural communities. Like I said, our average worker age is probably 55 and it's going to get tougher if people can't physically do those jobs for that long a time.

MR. GAUDET: You mentioned you have 15 to 20 people from Newfoundland now. I guess I'm just curious, how long have they been working for the co-op?

MR. BURKE: Probably 15 years.

MR. GAUDET: Did the co-op actually go to Newfoundland and Labrador and try to recruit workers to come and work for you?

MR. BURKE: Yes, they did.

MR. GAUDET: Do you have people from outside of Cape Breton Island who are working there?

MR. BURKE: A couple. We have some accommodations but we're limited in the community of Neil's Harbour and those general areas. Sometimes they'll rent where they can - they'll get three or four together who will rent a home, if it's available - but there's limited accommodations. In the longer term, if we build our own accommodations, yes, that's great, we could bring people. The thing is when they come there and work, they know they've got three or four months of work and they can generally work six days a week, there's no time, so they're getting fairly steady employment. We'd love to carry that on, like I said, for eight months. Having somewhere for them to stay is a challenge as well.

MR. GAUDET: You also indicated that you have considered it, but you haven't gone there yet - looking at bringing in offshore workers. I know that in the Valley in agriculture - my brother-in-law has people working on his farm from Cuba, Mexico and Jamaica. I guess I'm just curious - what would push you into more or less considering bringing in people from outside the country to help you out, because you can't find anybody at home?

MR. BURKE: Well, we want to process a product and generate revenues. If we don't have enough numbers of workers, we've got to do something. It's either that or get out of the processing industry and we don't want to do that, after the investment the fishermen and the co-op have put into it. We need X number of workers in a given day, if it's 80 or 100, depending on what we're doing. We've got to have the numbers there or we can't process and we can't process safely. If you want to put the product out, you've got to have the crew; you've got to have the workers there.

It's not something that where tomorrow we can just say well, we're short 10 workers today. We have 80,000 pounds of product today of crab going through the plant that's sitting in tractor trailers outside that is dying, we've got to process it. So I have to damn well make sure I've got enough workers to process every day. If not, if we're short eight or 10, well then the rest have to try and pick up the slack or work longer hours. There are limitations on how long you can do that with the workforce we have. So if we want to process, we've got to have the proper number of workers. If we could get them within Nova Scotia, that's great.

Again, when you're talking wages generally, probably the average is \$11 an hour on average, and bringing them from other areas - you've got to have accommodations for them. We're limited in that.

MR. GAUDET: One final question - have you brought your concern to the attention of the Department of Fisheries and Aquaculture?

MR. BURKE: I think through our processors group and our processors advisory committee over the past few years that we've formed, the discussion of work forces has always been front and centre. I believe that provincially there is some assistance there on older worker training - I can't remember what the program is now. Certainly we've raised that as one of the concerns going forward. Some areas are okay, some aren't but we're seeing changes. I mean Sambro Fisheries is not far from here, they've got a foreign workers program and have workers there. There are other areas, so even in a large area like this, and Sambro is just down the road, they are using them. So there is kind of a mix.

MR. GAUDET: Thank you.

MR. CHAIRMAN: Mr. MacLeod.

MR. MACLEOD: Thank you very much, Mr. Chairman. Osborne, you were talking earlier about the fact that there are companies from outside of Nova Scotia coming in and buying crab and doing that. Can you go to Newfoundland and buy crab?

MR. BURKE: No.

MR. MACLEOD: And why is that?

MR. BURKE: Because the provincial government won't allow us to do it in Newfoundland.

MR. MACLEOD: So even though the federal government is responsible for a lot of things that take place in the fisheries, there are steps that the provincial government can take on their own without any support and/or dollars from the federal government that can make value-added products here in Nova Scotia better.

MR. BURKE: You certainly could. Like I said, the only caution I throw out there is there are times, if you look at lobster, if you said everything had to be processed in Nova Scotia, you'd destroy the lobster industry because the reality is a large part of the industry is live market. Even Newfoundland and Labrador has recognized that in lobster. Lobster can come out without being processed in the live format, there are some exceptions - again, you'd have to have a mix. Newfoundland and Labrador is too extreme on the other end of things. If you ask the fishermen, they're held hostage because they have no choice but to sell it there because it has to be processed. We've had vessels come across with crab; I've

bought crab from vessels that have steamed across with it at times because they were being severely underpaid for it.

At one point the Newfoundland and Labrador industry made a lot of dollars in the processing sector, and then they came up and bought a lot of the facilities and still own a number of them in Nova Scotia with the profits that they made off the fishermen in Newfoundland and Labrador who came up and bought into the Nova Scotia industry. They were guaranteed that it had to be bought and processed in Newfoundland and Labrador in the case of crab, so I don't think going that route would be 100 per cent good for the industry in just saying it all has to be processed in Nova Scotia.

The reality is if you look at the crab fishery on the western side of Cape Breton Island, that crab zone is shared by five provinces, so it's a tangled web there federally and provincially on a lot of stuff.

MR. MACLEOD: I guess the real gist of my question was, there are things that the provincial Department of Fisheries and Aquaculture can do that can help the industry that aren't related to anything that the federal government does. Would you agree to that?

MR. BURKE: Certainly it can, yes.

MR. MACLEOD: I did hear my colleague, the member for Halifax Chebucto say that this is the largest export industry in our province; therefore, it would lead me to believe that that in itself would be enough reason the provincial Department of Fisheries and Aquaculture should take a more active role in doing what is in their realm - not looking at what others aren't able to do, but actually looking at what they're able to do to make this industry a more viable industry. If it is the biggest export - it's a big contributor in many ways - instead of saying what you can't do, the department should be looking at what it can do within its own bailiwick, to make the industry that you're so great an advocate for more viable for this province.

MR. BURKE: Yes and I think even another municipal level as well. We have our municipality investing into our harbours and supporting our harbour authority where we've merged all the harbours together and they gave us \$100,000 over five years. That small bit of money has been leveraged into over \$1.5 million a year by getting access to other funding because of those small dollars. Again, the same thing provincially, there are things that can be done to assist it separately from the federal government. At the same time there is always the tie to the federal government with the fisheries that the province has a role to play as well. I think individually each level can certainly play a role in assisting the industry and we're all going to hear about the lobster industry over the next few months across this province, no doubt.

MR. MACLEOD: I know over the course of the years some of the lobster fishermen in different areas have been very proactive and I think of Fourchu which is not too far from where I live. For years they weren't taking what we call canners or shack

lobster, they had sort of regulated themselves and the last four or five years the catches coming out of there are quite large and it's because the industry identified an issue and a problem within itself and they went forward and tried to move. When you talk about the fact that as a province - and the federal government should be as well - we should be talking more to the industry about some of the programs they put in place before they realize what the real impact is, that tells a very strong tale.

When I go back, one of the things when I asked you the question earlier, what are a couple of things the provincial government might be able to do in the Fisheries Department, an inventory assistance program was probably one that you identified as being one of the more important ones that they could play a role in. It's actually no different than taking a mortgage out on the product and if something went bad it would have the product there and the ability to save it.

MR. BURKE: I believe the way the one worked in Prince Edward Island when I checked with a few of the buyers was that it was 75 per cent or 80 per cent that was paid to the processor so you still have value above and beyond that in the product, and when the product was sold it had to be repaid back to the government. It gave you that opportunity that you didn't have to rush and sell it today, as the example I used on five or six truckloads. Not every year that is going to happen but this year we could have made \$150,000 more just on five truckloads, never mind that we shipped out probably 75, different sizes and different categories. Some years you could win or lose but generally markets get - you can feed it into the market, whether it's lobster or crab, on your terms and not on somebody else's. You get more value for the province on any fishery.

MR. MACLEOD: And again, that is a benefit to the 125 employees that you have, as Victoria Co-Operative Fisheries or the 500 fishermen who feed into your operation.

MR. BURKE: Yes, for us personally, or, like I say, across the province or anywhere.

MR. MACLEOD: That's just one example of how it could have an impact on an area where there's not a lot of opportunities for jobs and where you're the biggest employer in the county. When you look at a \$2 million payroll, which is significant, it's interesting that it is the biggest payroll in the county, versus some other areas when you look at the Province of Nova Scotia.

I think you're a very strong advocate for the industry and I think what you've presented here today is really good food for thought. I hope that our colleagues from the government side take some of this information back and realize that indeed, the Department of Fisheries and Aquaculture does have a significant role to play and it is not something that should be farmed off to other agencies but it should be one where the role that has been played for years should still maintain to be a big role.

Yes, change has to happen but when you're talking about the biggest exporter of product in the Province of Nova Scotia, I think it deserves to have a department that is looking after its interests. Thank you.

MR. CHAIRMAN: Mr. Boudreau.

MR. BOUDREAU: Just a final point, I'd like to say thank you for your presentation, it has been very informative and it has given us a great deal of food for thought. Just one quick question, P.E.I. has discontinued this and my colleague just spoke in favour of it. Can you explain to me or do you know why P.E.I. discontinued it? Was it something to do with interprovincial trade, free trade - those kinds of things are very restrictive.

MR. BURKE: I don't know the details, I believe what it was, they had it for a period of time to assist the industry and maybe, due to market conditions, it might have been something short term but it did work for the time it was there. I just found out about that actually last night, talking to one of our seafood brokers who is from P.E.I., but I didn't get a whole lot of details, but we were both discussing the very same thing about this five truckloads and how we could have got more money for it today than we did in August or the last part of July. He mentioned that a similar type of that program had been available in P.E. I. for a period of time. I don't know why - was it because it was to serve a purpose in a short timeframe? I don't know. I'm going to try and find out some more details.

MR. BOUDREAU: I am, too, thank you. Just a final comment to my colleague across the way there, I think Albert Einstein had a good quote that might be applicable here. It says basically, doing the same thing over and over and expecting a different result is the definition of a certain word and maybe you should look that up. (Laughter)

MR. MACLEOD: I think that comment deserves a response but when I consider the source, there's no need to even answer it. (Laughter)

MR. CHAIRMAN: Okay, I guess there are no further questions. We'll give Mr. Burke a chance to have some closing remarks and after that we have some committee business to attend to.

MR. BURKE: Anyway, I thank you again for the opportunity to come here and make the presentation. I know that at the end of the day - even with the odd barb back and forth across the room (Laughter) - if you didn't have an interest in the resources you wouldn't be sitting around the table. So collectively, I guess from an industry perspective, it's no different and I've appeared a few times between the Commons Fisheries and Oceans Committee and very similar exchanges at certain points but at the end of the day they're all sitting there because they have an interest.

Hopefully, collectively, you can do something, anything to improve the industry I think is positive, across Party lines. We all have to get along. Thank you again for the opportunity.

MR. CHAIRMAN: Thank you. I want the members to stay for the agenda-setting next, the business agenda.

[10:50 a.m. The committee recessed.]

[10:51 a.m. The committee reconvened.]

MR. CHAIRMAN: Okay, I guess everybody is here. For our future meetings where the House is going to be sitting, we want each caucus to pick two topics to bring forward that would run us through the session and finish in the new year. It looks like possibly there could be a meeting in December, but that's just going to depend on whether the House is sitting or not. Mr. Whynott.

MR. MAT WHYNOTT: Mr. Chairman, for our caucus we would like to put forward our two choices which is No. 1, the Centre for Sustainable Energy from Cape Breton University; and as well, No. 4, the Municipality of Digby: renewable energy plans and the way they're moving forward with some of the good things that are happening there in Digby.

The other thing would be I noticed our caucus and the Liberal caucus also have one topic that is the same which is the maple syrup industry, which is an important part so I'm just wondering if we could have a bit of Party co-operation and have that brought forward as well. (Interruption) No, I'm just bringing forward the two.

MR. GAUDET: Pick your two and we'll pick ours.

MR. WHYNOTT: Okay.

MR. CHAIRMAN: Go ahead, Mr. Gaudet.

MR. GAUDET: Mr. Chairman, on behalf of our caucus we would submit No. 1, Nova Scotia Power Incorporated - Biomass Project update and No. 5 off our list, the Christmas Tree Farmers Association.

MR. CHAIRMAN: Thank you. The Progressive Conservative caucus.

MR. MACLEOD: Mr. Chairman, for us we would like No. 2, the Deputy Minister of Energy and No. 3, Eastern Nova Scotia Pulp Wood Producers Association.

MR. CHAIRMAN: If our meeting is going forward on December 6<sup>th</sup>, the topic will be the Centre for Sustainable Energy.

Is it agreed?

It is agreed.

And the approval for the meeting on December 6<sup>th</sup> if the House is not sitting?

Is it agreed?

It is agreed.

MR. WHYNOTT: Motion to adjourn.

MR. CHAIRMAN: The meeting is adjourned.

[The committee adjourned at 10:55 a.m.]