

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

RESOURCES

Thursday, February 20, 2014

RED CHAMBER

Report of the Maritime Lobster Panel

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Resources Committee

Mr. Gordon Wilson, (Chairman)
Mr. Keith Irving, (Vice-Chairman)
Mr. Lloyd Hines
Mr. Bill Horne
Ms. Margaret Miller
Mr. Alfie MacLeod
Mr. John Lohr
Hon. Sterling Belliveau
Ms. Lenore Zann

[Mr. Keith Irving was replaced by Mr. Ben Jessome]
[Mr. Alfie MacLeod was replaced by Hon. Christopher d'Entremont]

In Attendance:

Ms. Kim Langille
Legislative Committee Clerk

WITNESS

Department of Fisheries and Aquaculture

Mr. Barry MacPhee, Acting Executive Director



House of Assembly
Nova Scotia

HALIFAX, THURSDAY, FEBRUARY 20, 2014

STANDING COMMITTEE ON RESOURCES

9:00 A.M.

CHAIRMAN
Mr. Gordon Wilson

MR. CHAIRMAN: I call the meeting to order. My name is Gordon Wilson, I am the Chair of the Standing Committee on Resources. I see we have a quorum. We do have one absent; she didn't give her regrets, so I believe Lenore Zann is going to be here for the meeting.

This committee will be receiving a presentation from the Department of Fisheries and Aquaculture regarding the report of the Maritime Lobster Panel. The witnesses will be more fully introduced shortly.

I'd like to also at this time ask the committee members to introduce themselves for the record by stating their name and riding. If they are substituting for a regular member I would ask also that they state the name of the person they are substituting for. So could I have the members introduce themselves, starting with Mr. Jessome?

[The committee members introduced themselves.]

MR. CHAIRMAN: I'd also like to acknowledge members of the public that are in attendance, thank you very much, and remind everybody in the audience that there is no opportunity for the public to speak or ask questions at this time.

Also I'd like to review the evacuation procedures. Should there be a need to evacuate the building - I hope there isn't - please leave the Red Room and proceed down one flight of stairs to the exit, through the doors on to Granville Street and please gather at the parking lot across from Province House and remain at the parking lot until further instructions.

I would like to review the agenda at this time. On the agenda we have a report of the Maritime Lobster Panel. Reporting is Mr. Barry MacPhee, Acting Executive Director. We're going to have committee business after that and then set the meeting date. I would also like to remind anybody that if they have their phones, if they could please put them on vibrate, and please do not bend or break the microphones - I don't know why they put that one on there.

Witnesses will give their presentations and members will have an opportunity to ask questions of the witness once the presentation is concluded. Members wanting to ask a question will signify to the Chair, who will maintain a speakers list. Questions should be directed through the Chair; the Chair will recognize members and witnesses prior to their speaking. The red light will light up on your microphone indicating that you are speaking or recording your comments. If your microphone is not lit, please do not speak until it has been activated. Time will be reserved at the end of the meeting to deal with any committee business that we have and if you want to ask some questions, we will indicate at around 10:40 a.m. that time will be wrapping up for questions then.

At this time I would like to introduce the witness. I'd like to welcome Mr. Barry MacPhee and ask him to introduce himself and begin his presentation.

MR. BARRY MACPHEE: Thank you Mr. Chairman. My name is Barry MacPhee, Acting Executive Director for the Department of Fisheries and Aquaculture. It is certainly a pleasure to be with all of you here this morning. Before I jump into my opening remarks and presentation I would just like to point out that in the public section, Mr. Brian Rogers, the incoming deputy minister, is joining us today. Brian will be starting officially on Monday, so I'm very pleased that Brian's here today. Brian and I go back a long way, so I'm looking forward to working with Brian again.

My second point - you may notice a couple of little items here. When I was leaving to come to Halifax, my daughter Jayden, who is nine, I was explaining why I was coming in and that I was appearing before this committee so when I was going out the door she came with these and said Daddy, this is for good luck when you go to Halifax to meet the government. (Laughter) So that's why they're here.

As I said, it's certainly a pleasure to be here with you today. Officially we are going to provide a presentation on the Maritime Lobster Panel. As you may be aware, the panel started in May 2013 and it was formed by the three Maritime Fisheries Ministers; one of them who was minister at the time, the Honourable Sterling Belliveau; they formed the panel because fishermen in all three provinces had stopped fishing in protest to what they perceived to be low prices.

The ministers appointed one individual from each of their respective provinces: for Nova Scotia, that individual is John Hanlon, who is a former DFO employee; Lewis Creed from Prince Edward Island who is a former Deputy Minister of Fisheries and Agriculture, among others; and Gilles Thériault of GTA Consultants from New Brunswick, who has

been long involved with the industry and I believe was a founding member - founded the MFU.

Their work started almost immediately and throughout the summer months and into September they met with approximately 100 organizations - fishermen, buyers, shippers, everyone in the industry and also including First Nations. They met with the Government of Newfoundland and Labrador, the Government of Quebec and also with the State of Maine. There were approximately 30 written submissions as well.

In November the panel released its final report and in that report there were 33 recommendations that the panel made. Those recommendations focused on three things: industry relationships, industry operations, and industry structure; I'll get into more on that in the presentation. The major recommendations of the panel - they recommended the establishment of an independent Maritime lobster market intelligence institute. It sounds like a large name but really simply put, it's to provide more information to the industry on which they could base decisions.

They also recommended a comprehensive generic - and I stress generic - marketing campaign for Canadian lobster. The development and implementation of a price-setting mechanism for determining pre-season price was a long-standing complaint by concerned fishermen that once they hit the water when a season opens, they really don't know what price they're going to be getting until a week or two weeks into the season so it really makes it difficult to plan a business approach.

Also, a major recommendation was an industry levy and that levy would be one cent a pound on both the harvesting and onshore sectors. That would pay for all those recommendations.

Since the release of the panel's report in December, there has been one session in Nova Scotia. One happened in December in Antigonish and there was one scheduled for Monday in Yarmouth, but unfortunately it had to be cancelled because the panelists couldn't make it to Yarmouth for Monday, so we're looking at rescheduling that for early March. There was also a session provided in Moncton, New Brunswick, for the Atlantic Policy Congress of First Nations Chiefs. My understanding from the panelists was that the report was well received and there was a very good discussion.

The meeting in Antigonish on the 17th was with mainly harvesters and there was representation from eight fish harvester organizations. For the most part, industry was very supportive of the panel's recommendation, in particular, the levy and the generic marketing campaign.

The Maritime Provinces - the three departments - along with the Lobster Council of Canada and the respective industry organizations, are hosting a lobster value recovery summit scheduled for March 26th and 27th here in Halifax. I believe it is at the Lord Nelson Hotel but I'd be very happy to provide more information for you as that becomes available.

The purpose of the summit would be to focus on the key recommendations of the panel, have a very frank and open discussion with industry and try to develop a way forward on the recommendations for the panel.

That's my opening introduction - just a few things - and if I could now, I'd like to just jump into the presentation.

A quick overview - we have some statistics regarding the Nova Scotia lobster industry. I was looking back at some of the old committee records and it had been, quite frankly, a long time since lobster had been on the agenda so I figured it would be good to update the committee members on the situation of the past number of years, which led to the formation of this panel and the report. Then we'll get into the report itself, some of the recommendations and, in particular, the value recovery strategy.

Quickly, this is Atlantic Canada and Quebec, and it just shows the lobster districts. There are a number of lobster districts and in particular for us here in Nova Scotia. If you start in the Northumberland Strait, start at 25. I'll start here, move around to 26, up around 27 and all the way down. Every part of Nova Scotia essentially fishes lobster - there are lobster ports.

If we look at 2012 in comparison to 1994, lobster has really jumped in value from \$268 million to \$385 million and represents about 50 per cent of the value to the Nova Scotia seafood industry. Now you may be aware of some of the factors, and obviously a main one would be the collapse of the groundfish industry and really a shift from groundfish to crustaceans, really - lobster and crab.

North America - let's look at Canada and the U.S., lobster landings. Startling here is that from 2007 to 2012 Canadian landings have increased by 53 per cent. U.S. landings, the same time period are up 84 per cent, so overall lobster landings are up 67 per cent since 2007. It is unprecedented, it hasn't been seen before and obviously a cause for concern.

What does this increase in landings mean in terms of price? Well, if you prescribe to the law of supply and demand, increasing supply would translate to a lower price and that's what we have here. So essentially prices peaked out in 2003 - and these are average prices - roughly \$6.50. There may have been higher spot prices and, in fact, there were, but the prices have dropped about 50 per cent and now we're into the \$3 to \$4 range, but the price is well above that currently in LFA 34.

What happens when shore price declines? Well, in the lobster fishery, lobster fishery is not a quota fishery so it is controlled by your effort in terms of traps and seasons. So in order for fishermen to derive a higher income, they need to fish harder and so they land more, which further exacerbates the issue. Obviously as we say there, these higher landings put a downward pressure on shore price.

Again, this one just shows that landings obviously drive the value and indicates, again, revenues have dropped by some 40 per cent within the industry. However, in 2012 it seemed to have stabilized a little bit with some recovery.

Let's switch to the next one. Obviously with downward pressure on the price, we note that fishermen, harvesters, are still feeling the effects of that.

Also, when I was reviewing this, I should have put in there that also the onshore side would feel this as well, that it's not just fishermen, it's about the entire industry and the value and revenues that they receive obviously have been decreased.

Now I wanted to include this slide and this slide is the U.S.-Canada exchange rate. What we have on the graph here is the Canadian dollar to the American. If you look, there has been really a steady increase since about 2003 in the value of the Canadian dollar almost at the same time as landings have taken off, so we have this sort of double effect. The U.S. is our largest customer for Canadian lobster, it accounts for roughly 80 per cent of the catch. Prior to the increase in the Canadian dollar, so when sellers or dealers sold to the U.S., for every dollar sale you would make up the 40 cents just on the exchange rate. It provided a healthy margin, if you will.

Now was that real or not? I think that right now they are feeling the effects of that because as the dollar started to increase in value against the U.S. dollar, you really have to now look at your business operations and you have to try and find deficiencies in your business operations in order to drive more revenue and profitability.

So Nova Scotia, we have some good news for 2013, we're back in the billion dollar club, as I like to say. The minister has made some notes and some comments to industry organizations he has met with. The aim or goal of his would be to raise the value of Nova Scotia seafood exports to back over \$1 billion. These statistics were just released by Stats Canada and we are just over \$1 billion - I think it is \$1.068 billion. We are \$48 million ahead of New Brunswick. It's good news, obviously, but there's still a lot of work to do in terms of growing the sector and taking advantage of some opportunities that exist.

Some of the stats; 42 per cent of our seafood exports are lobster, there's approximately 3,300 lobster licences issued in the province. That varies from year to year, some people don't enter, take a year off or licences are bought and sold, so it's approximately 3,300. We have roughly 172 facilities, approximately 330 buyers. There are different categories for a buyer's licence in Nova Scotia but we don't need to get into that right now, and approximately 13,000 jobs related to the buying, selling and processing of lobster. That's a little background on what brought us to last May and the situation.

As I've mentioned before, the three Maritime ministers - Minister Belliveau, Minister MacKinley from Prince Edward Island and Minister Olscamp from New Brunswick who - if I could take a minute to point out that Minister Olscamp is ill right now,

I understand from my colleagues in New Brunswick that he's having a rough go right now. I would just like to extend my best wishes to Minister Olscamp; I hope he gets well.

As I indicated earlier, the panel was established in May 2013. On November 7th in Amherst the report was officially released and I understand you all have copies of the report. I have included a picture and starting from the left, this is John Hanlon, a representative from Nova Scotia; Gilles Thériault from New Brunswick; and Lewis Creed from Prince Edward Island.

Ministers and their respective staff developed terms of reference for the panel to work on and the terms of reference are listed here. There were five things they were asked to look into. The first one was the prices that were paid to fishermen at the time - were they reflective of current market conditions? They were also asked to determine the threshold or the extent to which any single sector in the industry - on the water or onshore - could unduly influence the price of lobster at the wharf. They were also asked to provide advice on the marketing of Canadian lobster. They were asked to recommend options for a formal system or systems to establish a price pre-season. As I mentioned earlier, it was a big concern with harvesters that for the most part, they do not know the price for the lobster when they start the season. Then they were asked to provide advice on the actions to first stabilize and then increase the shore price that harvesters receive.

So, what have we done since the release, I had mentioned it in my opening remarks and this is all related to activities here in Nova Scotia. Again, I will mention and need to point out the Lobster Summit, March 26th and 27th - it's a very important meeting for industry, I can't stress that enough, I think we're at a really pivotal moment in time for the industry and it's really up to industry and government to collaborate together to bring back value to the industry and chart a course for the direction ahead.

So industry relationships - how do the different sectors in the industry interact with each other? Are they trustful of each other? Are they respectful? That was one focus of the recommendations. The second one was, how does the industry operate? How do they fish? How do they buy? How do they ship? When do they fish? When do they buy? Are there structural problems? And then structure - how is the industry set up? Are there gaps which contribute to the loss of revenue both for harvesters and the onshore sector?

So specifically, I've broken down the 33 recommendations. The first one relating to relationships and you all have a copy of the report, but in particular here, Recommendation #8, I just want to point out it's specific to Nova Scotia and that the panelists recommend that there be the establishment of one overarching body to deal with the lobster industry in Nova Scotia.

Recommendations #13 to #24 dealt with operations. The value recovery strategy I'm going to focus on were Recommendations #25 to #29. Then #30 to #33, the recommendations were, how do you implement that value recovery strategy. The panelists gave a time frame to governments and industry to implement.

So the value recovery strategy, what is it? As I pointed out earlier in some of the slides, obviously there has been a decrease in revenue and, hence, value of the industry to the harvesting sector, to the onshore sector and also obviously to the province.

The first recommendation was the establishment of the independent Maritime Lobster Market Intelligence Institute. The panelists recommended that this be established and it would be a clearing house for information, if you will, for the industry. So fishermen often raise the concerns that they don't understand how a price is arrived at. There's all kinds of talk and rumours and innuendoes about inventories - what is in inventories, what is in pounds, what is frozen product and how does that influence price? So this institute would house all that information and make it readily available to those in the industry.

The second recommendation was the comprehensive generic marketing and promotion campaign for Canadian lobster; again, I need to stress "generic marketing". Industry recognizes that the brand that resonates is Canada. There's no differentiation between product, between a Nova Scotia lobster, a New Brunswick lobster, a P.E.I. lobster, a Newfoundland lobster, a Quebec lobster. If I had each of them on the table here, the average consumer wouldn't be able to tell where they're from and I would bet you a nice, cold beverage of your choice that you would probably have difficulty determining that as well.

What resonates with the consumer, and this is important in terms of revenue, is Canada. The consumer recognizes Canada as a brand and they perceive Canada as being very high quality in terms of seafood and we need to capture that.

The third would be the development and implementation of a price-setting mechanism. Again, as I've mentioned a couple of times, fishermen have raised a concern that they don't know the price they would receive for their product prior to the start of the season. Obviously this makes it very difficult to plan so if we expect harvesters to operate in a business-like manner, then in order to plan obviously you need to know the cost of the product that you are producing. That is what this recommendation goes to. Further to that, they recommended a pilot project to explore an auction model in which there would be an auction house and companies and individuals, and those with a buyer's licence, issued by the province, would be able to bid in an auction manner.

The last one, the industry levy. Again, as I've mentioned, the industry levy recommended one cent for the harvester and one cent for the onshore sector. If we look back at landings, roughly what we're talking about here in Nova Scotia would be \$800,000 for both sectors so approximately \$1.6 million here in Nova Scotia. We can get into this further, as I'm sure there are going to be some questions related to the levy and I would just point out that here the department is exploring some other options as to how this may be funded. Again though, the industry has been very positive and supportive of this levy, which I would say is quite refreshing to hear.

That is the end of my presentation. Before I take questions, I'd just like to point out some of the staff in Cornwallis - Rob Lafurgey and Marilyn O'Neil, Jonathan Lowe and John Bueglas who assisted with this presentation, helping to put it together. Brennan Goreham, our licensing manager in Shelburne, and in particular, Ernest Walker and Mark MacPherson, some of our policy folks in Truro. Certainly without their help, I wouldn't be sitting here today. With that, I will end the presentation.

MR. CHAIRMAN: Thank you, that was nice and clear and concise - a good snapshot of what we want to ask questions about. I'd like to take this time also to recognize the fact that Lenore Zann is here. We'll start with questions. I'll keep a speakers list and I see hands up already. Mr. Lloyd Hines.

MR. LLOYD HINES: Thank you, Barry, for that concise overview of what is a very important industry to Nova Scotians and I'm very happy to hear that it is back over \$1 billion. I think that people think it can be twice that if we apply the right techniques. In terms of the structure process, the owner-operator and the fleet separation policies in the fishery are critical to fishermen particularly in Nova Scotia. There were some indications that the federal government might allow for large corporations to fish inshore and own licences. Did the review have anything to say about structure and what impact that might have on the fishery if it did come to fruition?

MR. MACPHEE: Thank you for the question. To start to address that, I will say that I think you're referring to a paper, a draft policy statement, if you will, that was released by the then federal minister, Minister Ashfield, which caused, to put it mildly, an uproar in the harvesting sector because the paper didn't specifically point out that the principals of owner-operator would be protected. Since then, however, the federal department has issued a statement and said that the principals of the owner-operator policy would be respected. I would consider, as the department does, that essentially that is the definitive statement on owner-operator. They're not going to change that.

What we need to recognize here in Nova Scotia though is that there are six fleets exempt from the owner-operator policy. So there is a bit of a divide here in the province in terms of owner-operator. Most of those fleets, I believe, are in southwest Nova Scotia. There are a couple of groundfish fleets - the Full Bay scallop fleet, among others. We need to respect their operations as well. If I could, I would just make the statement that in terms of the lobster industry and businessmen being businessmen and the economy being what it is, if there's an opportunity to make money then people would invest money. Given those factors and given the fact that there is not a clamour by big business, if you will, to start making efforts to try to buy inshore lobster licences - I might suggest that if the opportunity would have presented itself, businessmen being how they are, would have taken advantage of that. Now that's not to say there may be interest in the future, but certainly, I know Minister Colwell has indicated his support for the owner-operator policy for the inshore fishery. I hope that answers your question.

MR. CHAIRMAN: John Lohr.

MR. JOHN LOHR: Thank you, Barry, for the presentation, it was very interesting. In the report there are a number of timelines and there are a number of things that will take place within the first six months. I just want to know, is the department on track to have the recommendations done within the timelines described in the report?

MR. MACPHEE: The department is certainly, I would say, working almost on a daily basis with our counterparts in New Brunswick and Prince Edward Island and with our respective industries to respect that timeline and have the recommendations implemented, as the panel suggests, by January 1, 2015.

The summit, as I mentioned and will repeat again, on March 26th and 27th here, in Halifax, will go a long way to indicate to governments what exact recommendations the industry would like to move ahead on. The thing to remember is that the panel was put together at the urging of industry for governments to do something and I think it was a wonderful response. There have been a number of reports - I think they go about this high since 2006 - about what to do about the industry and I think we're on track and there is lots of open dialogue both between the respective provinces, the industry and the federal government about moving this forward.

Everybody realizes the situation that the industry faces and that we have a huge opportunity to effect some change and really do something beneficial for the industry. We're keenly aware of the date and we hope to meet that with the help of industry.

MR. CHAIRMAN: Mr. Belliveau.

HON. STERLING BELLIVEAU: First of all I want to thank your daughter for making the suggestion of the rubber ducky because the Ivany report said it's now or never, but rubber ducky says, I'm the only one. I think she hit it dead on. (Laughter) We are dealing with some complex issues and I'll get serious now because of the seriousness of this and we need to get these answers cracked.

I just want to make a few statements first before I ask my question. I wanted to point out the two graphs regarding the Nova Scotia lobster situation in 1994-2012 and the lobster landing statistics. To me it is very clear from the fishing industry across the Atlantic Provinces that the emphasis now is that in many of these communities across the Atlantic Provinces it is a one-species fishery.

I will just quickly tell you a story about going to Ottawa last February and talking about developing new species and giving communities an opportunity to go and help supplement their income. To me, this graph clearly shows where this pressure is coming from and why it's there, it's because other communities do not have opportunity to spread those opportunities out and help create some additional income in their community. When you have senators saying, Mr. Belliveau, I'm here to put you out of business and your government out of government, that's the wrong attitude. That's why I made the reference

to the Ivany report, because what it's saying is that it's now or never, we need to get this right and your daughter is absolutely correct saying you are the one.

This is the opportunity to get this correct. What I am quickly saying here is that you made reference to your minister today who in the last few months has said for the first time we've gone past the \$1 billion landings. My observation is that the Halifax airport - if you pay attention to the landings that were exported in the last 15 days of 2013, it was crucial that the aircraft get out in the remaining 11 or 15 days of 2013. I think that's an important issue that we need to pay attention to.

Getting back to what your presentation was about, the lobster panel's recommendation, my concern is that you made reference to a number of meetings across Nova Scotia in the last several months. I know, Mr. Chairman, we had been faced with some inclement weather here in the last few months but my big concern is that the players in this industry have ample opportunity to digest these recommendations and put their own endorsement or stamp of approval on these recommendations.

Right now I'm concerned that this is not the case, that the industry hasn't had an opportunity to evaluate them so this is my question. Will there be ample opportunity for the industry to digest, evaluate these recommendations and have this discussion with all players, including our counterparts across the Atlantic Provinces? I am hoping you could address that. Thank you.

MR. CHAIRMAN: Thank you, Mr. Belliveau. A lengthy question there, thank you.

MR. BELLIVEAU: There was a question there.

MR. CHAIRMAN: Barry.

MR. MACPHEE: Mr. Belliveau, you've raised a number of points prior to your question. If I could, I'd like to respond to those points. In terms of the one species, if you will - that's not unique to Nova Scotia, I think the inshore sector is facing that challenge. There are some potential opportunities with new species.

The issue has been raised with the federal government. Part of their issue has been what is called a new and emerging species policy which really, in effect, hinders the ability of harvesters to develop a fishery. In most cases, a lot of cases if you will, the rules around this policy weren't really clear to harvesters and they were different from DFO region to region.

We're working to change that. There has been a commitment from the federal minister and, in fact, there's a new and emerging species task group and a draft policy, a newer one will be presented to ministers in June. Hopefully that is going to address all those concerns and provide some more opportunity to the inshore sector. I will just mention Kris Vascotto from the department, he is our representative on that task group.

Regarding the airports, obviously it is not only the airports - it's the infrastructure that allows the product to move and that is critical. Obviously, you need to be able to move your product to market in order to sell it. We have identified that obviously as an issue and we are working with ERDT to try to overcome some of those challenges.

Now to your question regarding the ample opportunity, it was unfortunate, yes, that the meeting in Yarmouth was cancelled. We're aiming - the panelists are committed as is the department - to have another meeting. We're gauging the interest of the onshore sector about having the panelists. These meetings within the province, the ministers recognize the importance of the panelists speaking directly to industry to give them an overview without government involvement. So the panelists could have an open discussion and this is why we made this recommendation. We recognize that importance.

Also, Mr. Belliveau, I would suggest there is an onus on industry as well. This report was at their request. They asked the ministers to do something, so the ministers responded and produced this report. The report has been made available and sent to all the industry organizations. Now we as a department can't force them to read it, but we certainly would encourage them to read it and given the fact that they asked the ministers to do something - again, I'm going to suggest that there is an onus here on industry to grab hold of this.

The meetings that we have with industry organizations - Minister Colwell, when we as a department meet, the minister meets with organizations, he raises this issue and says, there is onus on you to let us know what direction you would like us to take, what do you support in here, what don't you support? Again, I would just go back and say I think there have been a lot of opportunities for the industry and the individuals within the industry to digest the report. We've been open as a department and said we would be willing to travel anywhere within the province and meet with any organization that would request us to go.

One final comment would be, again, the meeting on March 26th and 27th, the summit is a very important event and I think that's sort of going to culminate from November - the issuance of the report to then, which will provide direction to both industry and governments on how to move forward on the issue.

MR. CHAIRMAN: Good questions, Mr. Belliveau, although I would recommend an ask, please, for the sake of fairness and sharing questions around, if we could have our questions pointed to one. Somehow he snuck about five in there. He's a veteran at it and he did very well. Anyway, I would just remind members of that. Margaret Miller.

MS. MARGARET MILLER: Thank you for appearing today. It was very informative and certainly your daughter blessed you with her ducky so it was great. My question to you is how are the fishermen responding to this report? I'm from a farming background and I know there is a grassroot of farmers who don't want anybody messing

with their industry. I'm just wondering - oftentimes fishermen are reluctant to change - so has there been much resistance and what are they thinking of the levy?

MR. MACPHEE: Thank you for that question. Fishermen are a unique lot, I will say that. There's an old joke by Buddy Wasiname and the Other Fellers - the joke is, what do you get when you put 10 fishermen in a room? Twelve opinions.

MS. LENORE ZANN: A bit like politicians. (Laughter)

MR. MACPHEE: I can't answer that one. (Laughter) That just points to the fact that they are very strongly passionate about their industry. In this situation it has taken a number of years to get to where they decided not to fish last Spring and that was a huge statement so governments were asked to do something. They put this panel together, which had the support of industry.

In terms of resistance, we haven't met with all groups or organizations in Nova Scotia but of those that we have met with, the reaction has been positive. The meeting in Antigonish, the reactions have been positive. From my counterparts in Prince Edward Island and New Brunswick, the meetings that were there, were all positive.

There was one concern I would point out that was raised in Antigonish, that was that the panelists didn't go far enough to investigate the allegations, if you would, of price fixing. That's an ongoing issue and certainly really wasn't within their mandate, but the Younker report in Prince Edward Island - that was within his mandate and in Prince Edward Island he found that that wasn't the case. In fact, processors over there, their margins in, I believe the last three years or five years, was a -0.2 per cent. So if a businessman was going to fix prices, wouldn't they fix them to make money, not to lose it, right?

In terms of the levy, again it has been positive for the most part. I will point out that again, the groups that we've met with and at the meetings that I've attended it has been positive. I think the industry is at a point where they realize that something needs to change. We need to change the way we do business because something is not working and they really want to take that step forward to try and effect some change.

MR. CHAIRMAN: Thank you. Mr. d'Entremont.

HON. CHRISTOPHER D'ENTREMONT: Thank you very much, Mr. Chairman. It's very good to have you here today, giving us an update on this. I sort have a two-part question and I'm trying to put them together as best as I can so I want to get right up front, there's two parts to it.

MR. MACPHEE: Two is okay, five is quite a bit. (Laughter)

MR. D'ENTREMONT: I can only speak to District 34 because those are the fishermen who I hear from, I don't necessarily hear from my colleagues. We can sort of sit around the table and talk about these things but the issues for District 34 are the ones that concern me the most.

I'm not hearing the urgency that I had last year. Last year you had everybody and everybody's family member and everybody's buyer and seller, they were calling us. This was going on, you would hear it in the community, you would hear it at a coffee shop, you'd hear it everywhere you went on how bad things were.

Today everything is fine. I don't know if Sterling is hearing the same things I am hearing but people are going fishing, they are getting - I think they are ranging anywhere from the start of the season at \$4 to getting \$6-plus at this point. Part of my question will revolve around, are you still hearing the urgency? It's hard to know because we didn't have that meeting on the 17th of February so I want to know what you're going to do for that one.

The second part of my question is, the difficulty in LFA 34 has always been the leadership of that area. It's trying to find one group that is going to represent the fishermen in that area. We know that LFA 34 has been the group, but we run into the 1688 Professional Lobster Fishermen Association and other individual organizations that have been trying to speak on behalf of fishermen in that area. So how is Recommendation #8 actually going to get put in place because I can see that one as being tremendously difficult. So a couple of parts there on urgency and how you're going to put it together.

MR. MACPHEE: First of all, regarding the urgency, there was a fisherman from Prince Edward Island who told me one time about the relationship between fishermen and government; this was a lobster fisherman. He said, when the price of lobster is below \$4, we can't get enough of you; when it's above \$4, we don't want to see you. I think that is the situation we're faced with right now because of high price and the resulting higher income/revenue. That's a wonderful motivator, right? I will point out that the structural issues that have been identified still remain in the fishery and so they still have to be dealt with. Avoiding the issue does not deal with it.

The panelists were - in my conversations with them prior to the meeting that didn't happen in Yarmouth on Monday, they were very aware of the situation down there and they wanted to make that point, to reaffirm the point that the structural issues still remain and simply having the lobster a higher shore price doesn't make that go away. Factors beyond the industry's control such as the exchange rate could change and the situation could very well be reversed.

I would hope and urge the industry in LFA 34 and also the rest of the industry in Nova Scotia - because in the Spring, we're going to be faced with the same. We hopefully won't get that - although southwestern Nova Scotia was \$6 per pound and we're looking forward, we should be getting at least \$5. So things are great, but again, the structural issues still remain and industry needs to tackle those with our assistance.

Regarding the leadership side and the difficulties - there have always been issues with that in southwestern Nova Scotia. In fact, as recently as November, prior to the start of the fishery, the harvesters had a vote down there to try to make some changes to the industry. They wanted to delay the start of the season and a couple of other initiatives. They had a vote, but the vote was not recognized by the federal department, which causes frustration. The individuals there put a lot of work into this to try to make some change and for the rules not to be clear, if you will, to the industry, it's really quite frankly, heartbreaking to them. It crushes them. I would urge them to continue on.

The province itself, in particular the department, has taken an active role down there. We have the FHOSA legislation, the Fish Harvester Organizations Support Act - there are six regions in the province of which two are currently under FHOSA and we've identified that work needs to be done in LFA 34. We have some letters from the LFA 34 management board asking for assistance to help them get organized and we're responding to that.

The key down there is you need an organization. Fishermen need to be organized, it's identified as a recommendation in the report and Minister Colwell has identified it as a priority for him. I would just stress that I think without effective organization, I'm not sure all of these recommendations may happen. Unfortunately or fortunately, depending on how you look at it, the world is changing, times are changing. The way governments deal with industries tend to be toward organizations now and not individuals. We would love to deal with the 3,300-plus lobster fishermen of the province on an individual basis, but quite frankly, we don't have the time. By encouraging strong organizations - and the federal department has pointed this out as well that an organization needs to be recognized by the department in order for us to deal with you. It's only in the industry's best interest, and I think it's also in the best interest for the department to help support them to try to accomplish a goal to have effective organization.

MR. CHAIRMAN: Bill Horne.

MR. BILL HORNE: Thank you for your presentation; I think it has been very valuable to a very strong industry with \$1 billion spent on the industry. The federal government and not the provinces are responsible for conservation and you alluded to it a bit a few minutes ago about the participation by DFO and other federal departments. I'm just wondering have they taken a buy-in on this? You kind of said maybe it hasn't as yet, as well as the buyers of the lobster themselves. You alluded a little bit with Mr. Belliveau about that and I'm just wondering if you could explain a little bit more on the value of their participation?

MR. MACPHEE: Well, there are a couple of questions in there, but thank you for those. First, let's deal with the federal department in terms of conservation. Yes, the federal Department of Fisheries and Oceans is responsible for the management of the fishery and the sustainability of the resource. The provincial department is responsible for the onshore sectors. We issue licences to buy and sell and to process lobster.

We obviously have a keen interest in the conservation and sustainability of the resource. We have supplied, as a department, funding to the Fishermen & Scientists Research Society, where fishermen collect information on the lobster fishery which is used by the federal department for assessments to look at the stock. We've invested some money in the MSC - Marine Stewardship Council - certification for the lobster fishery and that's ongoing, but it's a third party that would look at the sustainability of the resource, but it's more of a marketing issue than the sustainability per se.

The department is in the midst of hiring a lobster biologist. The focus of that decision would be geared more towards the department's mandate, which would be the quality of the resource on shore, but we would certainly be working with the federal government to look at the sustainability side and seeing what we can do. There are discussions underway with the Gulf region. The province is divided into two DFO regions: the Gulf and Maritimes - the Maritimes is based in Dartmouth, and the Gulf is based in Moncton - to establish a program in which fishermen would carry log books, again, to look at the sustainability of the resource.

Have the feds bought into this? There haven't been formal meetings between the respective ministers. I would allude, and it hasn't been confirmed yet, but there is likely to be an informal one very soon, perhaps in a city outside this country in which there is a rather large seafood show that occurs every March. There may be a meeting there to discuss the panel report.

There have been letters exchanged. Deputies have had conversations about it, and Minister Shea has been invited and will be participating in the lobster summit meeting on the 26th and 27th here in Halifax. Obviously they need to be involved - they manage the fishery. Some of the issues that are identified in the panel report are structural in terms of - they speak of glut of landings at the start of the season, so if industry was interested in controlling the glut of landings, it's the federal department that would have to do that. They would have to, perhaps as a condition of licence - they would assist in limiting that. So obviously the federal department has a very big role to play here.

In terms of buyers, I participated in meetings when the Maritime Lobster Panel met with buyers and they did raise a number of concerns. As you have indicated and in my answer to Mr. Belliveau, I did say we are currently trying to arrange a meeting with buyers and processors with the lobster panel. It is a difficult time of year for southwestern Nova Scotia, but hopefully it is taken seriously enough that the industry would take some time and commit themselves to at least meeting with the panel this once.

I would point out, there were a couple of processing associations that had meetings with the minister and those associations were in favour of the report and the levy itself - the need for a generic marketing program, but as I indicated earlier, there are some concerns around how the levy may be collected. We wouldn't want to put undue onus on certain sectors and that has been one of the concerns raised by the buyers - that they would be the point, they would collect the levy and remit it. Whether that is an undue burden or not, we

would need to look at it, but we certainly wouldn't knowingly put an undue burden on any sector of the industry.

MR. CHAIRMAN: Thank you. Lenore Zann.

MS. LENORE ZANN: Thank you very much and good morning, I'm sorry I missed part of your presentation. It has very interesting, I've been catching up here.

I have a few questions. With your pies here showing the Nova Scotia lobster situation, I noticed that obviously the lobster has gone way up - what we're selling - and the scallops have gone to at least half, catching and selling half of what they used to be. Please excuse my ignorance but do the lobster fishermen have anything to do with the scallops as well, or are they completely different? Do the same people do it or are they completely different?

MR. MACPHEE: No, it's a different sector.

MS. ZANN: Is there any particular reason why the scallops have gone down?

MR. MACPHEE: That's a very good question. I think it's likely having to do with biomass and quota. Scallop is a quota fishery in which the quota is set on an annual basis, based on biomass surveys so the biomass would fluctuate.

MS. ZANN: I see, yes, because obviously in 1994 they were double what we are selling now. Then crab obviously also has doubled, so now we're selling more crab than we were.

What are your main markets for lobster, if you don't mind my asking? Is it mainly in the Eastern Seaboard in the United States? Is it also like Australia, other countries and further away? I know you have to worry about shipping it there but could you give me an overall idea of your main markets, where they are?

MR. MACPHEE: Well not unique to Nova Scotia but very unique to the Canadian lobster industry, the U.S. takes roughly about 80 per cent of the Canadian catch and, to lesser degrees, Asia and Europe, in particular China and Belgium.

MR. CHAIRMAN: I'm sorry, we do have another question, can I move on?

MS. ZANN: No, I'm not quite finished with this one yet.

MR. CHAIRMAN: I'm sorry, you had one question there.

MS. ZANN: Sorry, this is still part of the same question, I haven't quite hit my mark yet. My question here - I needed to get a few answers so that I can actually ask what my main question is.

MR. CHAIRMAN: That's an interesting tack, but . . .

MS. ZANN: It's not a tack, it's actually the way my mind works. So therefore you're saying you sell mainly to the United States, 80 per cent.

MR. MACPHEE: Roughly 80 per cent.

MS. ZANN: So looking at this then, it's saying about the advice for the marketing, marketing Canadian lobster worldwide and how the industry carries out the activities, the focus of the recommendations and also the value recovery strategy mentions about the comprehensive generic marketing and promotion campaign.

Can you, in a nutshell, give us an idea of what are the main thrusts of the ideas of how you're going to market our lobsters better? Is there some thought to going further abroad, rather than just to the United States?

MR. MACPHEE: Absolutely, about going further abroad. The industry wants to lessen the dependence on the U.S. market, right? So obviously there are situations and factors in the U.S. Again, as I pointed out earlier, there are some things beyond the industry control. For example, we can't control the U.S. economy and we can't control where and when U.S. citizens go out to restaurants and buy lobster. We can't control U.S. gas prices, and the reason I mention U.S. gas prices is because there is a very strong correlation between the increase in U.S. gas prices and the decrease in people going to restaurants in the U.S. It is quite amazing, right? Every time the price goes up, people stop going out to eat and we can't control that. How do you get around that? You need to diverge your markets. China is a tremendous opportunity. We're working closely with our counterparts in ERDT who, by the way, have the responsibility, the mandate, for marketing of seafood for the province.

Also, CETA - the Comprehensive European Trade Agreement - we think, along with our counterparts in ERDT, will provide tremendous opportunity, not only for lobster, but perhaps snow crab and some other species. Currently the tariff for lobster into Europe is roughly about 18 per cent so in a couple of years that will go to zero, so we're making plans and hopefully looking at some programs to help assist industry with trying to grow the market in Europe. We attend seafood shows - the European Seafood Show in Brussels in the Spring, and there is a big seafood show in China in November in which the province has a fairly significant role. So those are a couple of things that we're doing. To sum up, we're trying to lessen the dependence on the U.S. market and to go elsewhere.

MS. ZANN: That was kind of my point. I figured that if we can get our lobster and our seafood in general out into the world, to see Nova Scotian lobster on a menu in Germany or in China or Australia or Denmark or wherever, they do taste different. Rock lobster, Australian lobster is completely different from Maritime lobster and I would say ours is better, so keep that in mind. Thank you.

MR. CHAIRMAN: Mr. Lohr.

MR. JOHN LOHR: Going again back to the event timeline in the report, one of the items was that the provincial government would immediately begin to work to bring forward the proper legislation. I'm just wondering if you are working on the legislation to see parts of the report implemented and will we see it in the Spring session?

MR. MACPHEE: The simple answer is yes, we are working on it. The more detailed answer will now follow. The department is looking at options around the levy and how that may be collected and returned to industry. There are some complications, if you will, given the fact that, as I've mentioned, the province licenses the sale, we don't license the fishermen. Our role may be at that point of sale.

Now we do have, as I also mentioned earlier, FHOSA - the Fish Harvester Organizations Support Act - in which harvesters or core fishermen pay funds, pay a support fee to a respective organization. There may be an opportunity there. Will that legislation be in the Spring? It may, but I think what comes out of March 26th and 27th is going to provide us with clear direction. We've indicated internally that we may have something to go in the Spring, which would enable that point of sale, if you will - that collection of funds - but we still haven't come to a firm decision as to whether that will actually be in the Legislature in the Spring or not.

Of course respecting the fact that the timelines in the report and the January 1, 2015 implementation date, there is still a fair bit of work to do but it's ongoing and a lot of this stuff, your questions, it's a lot of behind the scenes, if you will, a lot of bureaucratic work.

MR. CHAIRMAN: Ben Jessome.

MR. BEN JESSOME: Thanks for coming here today, Mr. MacPhee. My question I guess relates to the demographic breakdown in the industry and who works in the industry. You referred to, as the price goes down, the need for more fishing occurs. I'm just curious about what the demographics in the workforce look like and if there are challenges with regard to recruiting or retaining new fishermen and if the report addresses those concerns?

MR. MACPHEE: Well you raise a very interesting question. Both sides of the industry - the harvesting and onshore - are faced with a demographic issue. I've said before in response to an earlier question, this is not unique to Nova Scotia, this is unique to the Atlantic Canadian fishing industry. I believe the average age of the inshore fisherman, the captain, is roughly 55. (Interruption) Higher now? Okay, well let's just say that the last stats I've seen or that I'm familiar with. Mr. Belliveau and Mr. d'Entremont may have some inside information that I don't have but it's very much a concern.

Also, the processing sector, it's known there are difficulties with having a workforce and actually maintaining a workforce. There were concerns around the changes

to the EI system which would potentially have an impact on that sector but if you look at both sectors, we're going to try maybe to raise the profile of the industry.

Unfortunately working in a fish plant, a processing facility - it is what it is, right? It's tough work, it's not easy work and whether that's attractive to a young person today, I'd probably suggest it's not very attractive and there are needs of the younger generation, if you will, that may not be fulfilled in a fish processing facility, that they need to get somewhere else, in terms of electronics, instant availability, all those things factor in to a career choice. The industry certainly is struggling with that.

Immigration and the foreign worker program has helped but again, there are some issues that need to be ironed out between the province and the federal government around the immigration program to help people and help the industry to have a workforce. We are looking at some potential programs around mechanization of the processing industry but we still need workers. There hasn't been a machine invented yet that is very efficient at picking lobster meat from the lobster, so you still need the workers. It's a Catch-22, you have some great technology, but you still need that worker. We are working toward it, it's an issue.

In terms of the harvesters, the demographic with the captains. The Fisheries Loan Board has helped to attract younger individuals into the industry making loans more accessible, but, of course, they do have to meet certain criteria, it's not just a handout. Obviously, there may be some more changes there. The Fisheries Loan Board is looking at their current mandate and there may be some options there, there may not be. The fact of the matter is we have a situation and we need to address the demographic and try to make that industry a bit more attractive to younger people to come in to the industry and maybe on the fishing and the processing side, too, it has to be safer.

There are a lot of concerns around safety and it has been identified as a very important issue. If you want to attract people to an industry, it has to have a bright future with some good rewards and it has to be safe for them. You wouldn't knowingly put somebody at risk. The department is working with WCB, the Fisheries Safety Association of Nova Scotia, and the Nova Scotia Fisheries Sector Council to try to advance the safety side.

We've banded about some other suggestions and I think we may have a few things that would help to benefit bringing people into the industry, but you're bang on, there is a demographic issue and it's not unique to here. The ministers have recognized it - they spoke about it nationally trying to deal with it and how you deal with it. The Premier spoke about immigration yesterday or the day before, I believe and that could be key here. I'll leave it at that.

MR. CHAIRMAN: We have 10 minutes left here and I do have three speakers on the list here, so I probably won't get any more speakers on the list. Mr. d'Entremont.

MR. D'ENTREMONT: Mine's going to be simple. Recommendation #28 which talks about the auction model, a pilot project - I'm just wondering with all the players involved in the industry, including international companies, how would an auction model work or where would you be stealing the idea from? I'm sure there's another industry that does it, but I don't know. How do you build around that one?

MR. MACPHEE: There are models around the world in Iceland, New York, Boston, Tokyo is the most famous one, huge. Surprisingly, Mr. d'Entremont, we haven't heard too much from industry on this one. The focus seems to be around the levy and the generic marketing program. I would suggest that our focus, we haven't been too keen on that one just for the simple fact that industry is not raising this as a priority. If something comes out of the meeting in March, absolutely we would look at it and have a go at it. On that one, if industry wants it and they come to us and say, we want to try this, then we'll co-operate and try to make that happen.

MR. D'ENTREMONT: I just see that one as being very, very difficult. Thank you.

MR. CHAIRMAN: Thank you. Lloyd Hines.

MR. HINES: In Nova Scotia, in some of the zones and I believe in Maine, there is a canner fishery, and I'm wondering if you could just talk about the benefits of that or lack of benefits, but particularly from a marketing perspective.

MR. MACPHEE: Mr. Hines, that is an ongoing issue and in particular in LFA 25. It has been ongoing for a couple of years now that New Brunswick - the MFU in particular - have asked for a carapace-size increase. In the Province of Prince Edward Island, the fishermen there are opposed to it. The vast majority in Nova Scotia is beyond the canner size now, so that's not really an issue except maybe in the Gulf - LFA 25 and LFA 26. In fact, there was a vote held this Fall. LFA 26B North voted to go up to the U.S. measure size. There is going to be a vote soon in LFA 26A in the Northumberland that they're voting to increase the sizes as well.

MR. HINES: When did you say?

MR. MACPHEE: It's a mail-out ballot. I'm not sure what the final date would be, but obviously the results of the balloting would have to be tabulated and would take some time for DFO to make the management change for May 1st when the season opens there.

In Maine, there is not a canner fishery. Maine has - well, it's called the U.S. size - 82 millimetres, so there is no canner fishery there. Maine also has a maximum size, which we don't have here.

MR. HINES: Thank you.

MR. CHAIRMAN: Bill Horne.

MR. HORNE: One last question on Recommendation #25 talking about the independent Maritime Lobster Market Intelligence Institute. What do you perceive how that is going to operate and who is going to pay for it and who would be members of it or what kind of operation would it be?

MR. MACPHEE: There have been a number of conversations around this. It could be very simple or it could be very complex, depending on what model you come up with. I'll quickly address how it would be paid - the levy would pay for that, so it's solely industry funded.

It could be as simple as one individual who would have an office at the Lobster Council of Canada here in Halifax and that individual would be responsible to collect all of the information around the fishery and maybe maintain a Web site or provide that communication back to industry. It could be as complex as setting up a board and having a number of board members and making decisions and that sort of thing.

I think the KISS method would be very much preferable here. We don't need time lag and we don't need a whole lot of structure. What we need is someone or a couple of people to compile information and to be able to send that out to industry - put it in one spot where an individual can go and say, okay, the price today is this, landings to date is this, the price in Boston is this, the price in China, the price landed in Brussels is - right? They have to be open, transparent. The industry has asked for it and I think it's essential that again, in order to make business decisions or decisions that influence your business, you need information and you need easy access to that information. You don't want to overburden the industry to try and make them jump through hoops to get information on current prices or current landings because we're all in this together and we're all trying to achieve the same goal.

MR. HORNE: Do you perceive that they may also want to try to set the price or at least give an idea of what the pricing would be for the lobsters or do some other studies?

MR. MACPHEE: Not the institute. There is a recommendation, though, around developing a price-setting mechanism. Unfortunately the Chair has indicated that time is almost up.

MR. CHAIRMAN: We have two minutes left.

MR. MACPHEE: Okay, quickly on the price-setting mechanism, the concern is the fishermen don't know price prior to starting the season so how do you make decisions through your business if you don't know roughly what your income may be. This would establish a price prior to the season.

It has been pointed out that there been price-setting mechanisms in Quebec and in Newfoundland. I will say that the one in Newfoundland has had its difficulties; the first year it was established the harvesters didn't agree with the price set and the second year the

buyers didn't agree with the price set, so how you come to an agreeable price is quite difficult. The one in Quebec is in the Magdalen Islands and the co-op there, well, they're the only gig in town. You're not going to have a buyer go to the Maggies, simply the logistics of moving a product from the Maggies back to the mainland, not a very good business model. That's likely why that works there.

MR. CHAIRMAN: Thank you. In all fairness, if the committee want to indulge more questions, I know that we had said 10:40 a.m. but it is an important topic and we do have - I don't mind opening up if the committee wants to continue. Maybe then if the committee would indulge the Chair to have the opportunity to ask one question, if that would be . . .

SOME MEMBERS: Oh, oh.

MR. CHAIRMAN: Well it is on one issue that I don't think we've touched on and that's quality. I haven't heard a question on that or a remark around it in your presentation but I do believe that quality is one of the biggest factors out there in the industry right now. It's one that impacts the buyers more than anything and certainly ways to resolve quality issues and being able to get rid of product that is not of quality. Obviously we have the lobsters that we like to ship by air that are going to be our bread and butter, then we have our other, value-added opportunities.

I do know we have seen a small growth in that area with value-added. I had a chance actually to tour an operation with 60 employees recently that is expanding to 120 and is very successful. I think there's only one other facility like that in Nova Scotia.

My question is, is that an answer to some of the price problems we're seeing in the industry - the ability to get rid of low-quality lobsters at a reliable, dependable source? Mr. MacPhee.

MR. MACPHEE: Well that's a very good question. I would start first to answer that one by saying there are a number of recommendations which deal - and I spoke earlier about gluts and about how the fishery is structured and about orderly flow of product. The fishery has always been managed in a certain way. The fishery opens - it's a race to get out there; you catch everything that comes into the trap that's of legal size, you take it in and you're paid for it by one single price. So the individuals who try to focus on quality and the nice hard shell product really in essence aren't rewarded for that because it doesn't matter what you take in, you're going to be paid the same price. So let's be honest and open and say that, as you just pointed out, Mr. Chairman, not every lobster that we land is of premium quality.

In one of my graphs I pointed out that these larger landings are contributing to a downward pressure on price, so maybe it is time to look at the industry and how it's managed. It's a good opportunity and so maybe we look at a different avenue in terms, as you suggest, of quality. The industry is currently working on developing grading standards,

hopefully with the end goal that those who take the care to sort the catch, to land only a top-quality lobster, would be paid accordingly, paid higher than the lower valued lobster.

Hopefully there will be something there. As I mentioned earlier, the department is hiring a lobster biologist. The goal of that position would be to help industry address some of the quality issues. The department has provided funding to the Nova Scotia Fish Packers Association to provide lobster handling courses and lobster information sessions to the industry and perhaps we could do more of those.

The minister, Mr. Colwell, is behind FHOSA and getting the fishermen organized. Quality, and quality of the product that we land and quality of the product that we produce, and to what you say, Mr. Wilson, the diversity or range of products that we produce I think needs to change because the demographics are changing and not everyone has a big pot to cook a lobster. You have to look at your market and who you're selling to. For example, frozen lobster in China - well, there is not a huge infrastructure system to have freezers so you have to look at how you market your product. As government departments maybe we need to take a better look at that. You have to be aware of where you're selling your product and who you're selling that product to.

How are you going to differentiate your product? Remember what I said about the different lobsters for meats if you had them on the table? Well how do you differentiate your product? You value-add to it; you make it a different form in which the market you're trying to get to - it's readily useable for them - and information shows that those folks will pay a higher price. That ultimately is our goal here. If we get a higher price or consumer or targeted market, if they pay a higher price, then ultimately that price trickles back down through the value chain and the harvesters and everyone involved in the industry in Nova Scotia, their revenues and hence income increases.

MR. CHAIRMAN: Thank you. We can get a copy of your presentation electronically?

MR. MACPHEE: I've already sent it.

MR. CHAIRMAN: Thank you very much, Mr. MacPhee. We appreciate that it's a very complex, very important part of the economy of Nova Scotia and you did a very good job explaining and answering the questions. I thank the panel for their questions also.

At this time we'll take just a brief recess while Mr. MacPhee packs up and then we'll resume in a couple of minutes.

[10:45 a.m. The committee recessed.]

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

MR. CHAIRMAN: I would like to call the meeting back to order. Next on the agenda we have committee business. We have a request from John Lohr for a change of topic. John, would you like comment?

MR. LOHR: Or an adjustment of topic. Do you want me to address that? The change of the topic would be to have the Nova Scotia Mink Breeders Association in to address the state of the industry. It's not that I'm not interested in that particular slice of what was mentioned earlier, but certainly have broader interests than just that.

MR. CHAIRMAN: Would you like to make a motion to that effect?

MR. LOHR: I would move that a change of topic be that we have the Nova Scotia Mink Breeders Association to address the state of the mink industry.

MR. CHAIRMAN: Do we have a seconder?

MR. JESSOME: I second it.

MR. CHAIRMAN: Is there any discussion? Mr. Hines

MR. HINES: John, could you explain why?

MR. LOHR: Yes, I can explain why. Certainly, we're interested in more than what the mink industry is doing in just one county, we're certainly interested in the whole province and all the counties they are operating in.

I guess the real heart of it is that I'm interested in sort of the uptake of the new environmental regulations and I know they have been pretty good, so there's a good news story there, but it hasn't been fully taken in. It sort of sends the message maybe to the mink industry that we are interested in what they're doing.

Another good news story is sort of the success of exports that the mink industry has had and realize that is dependent on global markets, so I'm interested in that too, in what's going on. I do have much broader interest in the mink industry than just what that topic indicated.

MR. CHAIRMAN: Good question, thank you. Any further questions? Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is carried.

The next meeting scheduled during the House session - we did have some conversation around that at our last meeting and I, myself, as the chairman, feel that we could defer to the good advice that we were given by Ms. Zann and some of the others that maybe it is a difficult time during the House sitting to meet.

In saying that, I would like to also emphasize the earlier comments also that we would like to try to keep on a regular schedule as much as possible and get as many of these meetings in as possible. We are fortunate that we are going to get one more in on March 20th before the House sits; we'll continue with that one. With any luck, either May 15th which is going to be tight - I think what we could do is plan for a speaker for May 15th and if, in fact, the House is still sitting we would go to June 19th, if that's favourable with everybody? Great, thank you very much.

Our next meeting date will be March 20th at 9:00 a.m. and the speaker at that time hasn't been confirmed yet. We will send out a notice to everybody as soon as we get confirmation on that. Thank you.

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