

**HANSARD**

**NOVA SCOTIA HOUSE OF ASSEMBLY**

**COMMITTEE**

**ON**

**RESOURCES**

**Thursday, February 15, 2018**

**COMMITTEE ROOM**

**Challenges and Opportunities for Nova Scotia Seafood Processors**

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## **Resources Committee**

Ms. Suzanne Lohnes-Croft (Chairman)

Mr. Bill Horne (Vice-Chairman)

Mr. Chuck Porter

Mr. Brendan Maguire

Mr. Hugh MacKay

Mr. Keith Bain

Ms. Kim Masland

Ms. Lisa Roberts

Ms. Claudia Chender

### **In Attendance:**

Mrs. Darlene Henry  
Legislative Committee Clerk

Mr. Gordon Hebb  
Chief Legislative Counsel

### **WITNESSES**

#### **Nova Scotia Seafood Alliance**

Mr. Osborne Burke - President  
General Manager, Victoria Co-op Fisheries Ltd. (Neils Harbour)

Mr. Leo Muise - Executive Director

Mr. Bernard MacLennan - Fisherman's Market (Bedford)  
Mr. Kerry Cunningham - Manager, Sea Star Seafoods (Clarks Harbour)



House of Assembly  
*Nova Scotia*

**HALIFAX, THURSDAY, FEBRUARY 15, 2018**

**STANDING COMMITTEE ON RESOURCES**

**10:00 A.M.**

**CHAIRMAN**

Ms. Suzanne Lohnes-Croft

**VICE-CHAIRMAN**

Mr. Bill Horne

MADAM CHAIRMAN: Order, please. I call this meeting of the Resources Committee to order. I am Suzanne Lohnes-Croft, the MLA for Lunenburg and your Chair for the committee and this meeting.

Today the committee will receive a presentation from the Nova Scotia Seafood Alliance regarding challenges and opportunities for Nova Scotia seafood producers. I hope you've brought samples of your products for us. It always enlightens us and helps us be advocates for you and whatnot.

I'd like to remind people in attendance to turn their phones to vibrate or off. The only people allowed to take photos during this meeting are members of the media.

You can find washrooms and coffee in the entranceway. In an emergency, you would exit at the Granville Street entrance and meet up at the Grand Parade.

Members and witnesses are asked to wait to be recognized by me, the Chair, before speaking so that Hansard can pick up your microphone.

We will do introductions of the members and then we will move on to our witnesses. Also, take note that our witnesses are being given a bit longer presentation time today because they have many different things they would like to talk to and different ones who would like to give an opening comment or statement.

[The committee members and witnesses introduced themselves.]

MR. LEO MUISE: I want to thank all of you and the Chair for inviting us. This is an opportunity we are looking forward to and we invite any of your questions. I'm going to go through a very quick presentation here and I will be mindful of your time. Hopefully it will spark some discussions later and maybe guide you.

A bit about our organization. The Nova Scotia Seafood Alliance was formed on March 1, 2017. It has a very solid foundation in the Nova Scotia Fish Packers Association. All the founding members of the association were members of the Fish Packers. We represent Nova Scotia seafood buyers and processors so this is not a group strictly in harvesting, this is about what happens after it comes to the wharf.

We have 68 regular members - and regular members are those people who are actually in the business - and 20 associate members. I think it's fair to say that this makes us the largest such group in the province.

We have a very active board of directors and there are 15 members on the board. Just for your information, Osborne is president of our association and Kerry is also on the board of directors.

I did a survey last week of our members directly, and I called everyone except seven. We are surprised by this number but this is something you might want to take note of. Our collective sales from these 59 member companies is \$1.419 billion. That's incredible. We estimate from talking to them that roughly 78 per cent of that is exported out of the Province of Nova Scotia.

Now I use the Food Inspection definition of export, which would include going to New Brunswick, anything that leaves the borders of Nova Scotia. That's roughly \$1 billion in exports from our group alone. This industry is a massive industry in this province. Those numbers are as accurate as they can possibly be. They were done over the phone, our own members giving us the information. There were no agendas or anything in getting it, so I'm quite confident in that number.

We share administration with the Nova Scotia Fisheries Sector Council office in Yarmouth. There has been a long-standing alliance between us. They provide us with administrative support and things of that nature.

We'll talk a bit about our core values. Our main reason for being is working together. You'll see that from us all the time. We work together as a group, and we want to work with others. That includes all government agencies - federal, provincial, municipal - the lending agencies, the harvesters, anybody - you name it. We are open to working with anybody to achieve the end objective.

Inclusivity and equality is also a core value. We're open to all representatives of all commercial seafood species. This is not a southwestern Nova Scotia organization or a Cape Breton organization. It is inclusive of all of Nova Scotia, and all commercial species are covered to some extent or another. We provide an equal voice, equal opportunity, and equal fees. Everybody pays the same. Everybody gets one vote. Everybody has an opportunity to serve on the board of directors, or whatever is your interest.

Transparency and honesty - our membership list is open to anybody who has a computer and can go on the website. Some organizations, it's kind of vague who their members are. We put a profile page on our website of every single one of our members. If you're ever interested - is Company X part of the Seafood Alliance - just go on the website. You'll find the company. You'll find the contact, the phone numbers, and all that stuff. If they're not there, they're not a member. Again, honesty - you ask us, and we'll tell you. We don't play any of those types of games.

Respectful - we respect ourselves, and we want to respect others. We hope we're respected by other people. Our board meetings, we have disagreements, of course we do, but they're always very respectful.

Continuous improvement is another one of our core values. We're here to support our own members and develop our members, develop our talent. We are interested in sectorial success. This is not about individual companies. This is about this industry and this province moving forward together because what's good for one is good for everybody and conversely, what's good for the group is usually good for each individual. Those are some of our core values.

Here's what you folks get out of us today. This is about \$10,000 or \$15,000 worth of consulting fees being waived. If you were to try to pick the brains of all the people in this industry - what are the issues - this is what's happening that everybody in Nova Scotia should be watching in 2018 in the seafood business.

There's a provincial licence review under way. It's very important to us, and we are committed to working with the provincial department to move that forward in a way that is of benefit to this sector.

You have heard a lot about right whales. You're going to hear a lot more about them. You heard maybe a little bit about marine protected areas. Trust me, you're going to hear a lot more about marine protected areas. Those are two things that the federal government is very strong with. In 2018, if those whales show up again in the Gulf of St. Lawrence, it's going to be an issue. If they don't, good for us and the marine protected areas.

NAFTA - we all know we're in negotiations on NAFTA now. Depending on which way that goes, the United States is our biggest trading partner. The same thing with CETA, which is the Canadian-European trade agreement. We're just entering into that agreement. It's starting to take hold, and it's starting to show benefits. In Asian market growth, there's talk with the federal government about a possible maybe free trade agreement with China, who knows? But the bottom line is the Asian market has been growing and continues to do so. It's not without challenges. It's not without growing pains. But it is out there, and we can't ignore it.

The federal government announced just a week ago the Fisheries Act amendments. We'll see. That doesn't affect us directly, we're not harvesters, but it will have some effect I'm sure.

The Atlantic Fisheries Fund - that's a federal-provincial fund. It's a generational opportunity for us, actually, to move this file forward. There's an NSBI rebate program. Again, it applies partly to our sector. If you want, one of our members here will expand on that a little bit later. The Nova Scotia Fisheries Loan Board is considering possibly maybe including the processing side under it. Again, it's an opportunity, it's something we would like to work with the loan board on and develop it in a manner that benefits both of us.

Another file to watch in 2018 is NGOs - non-government organizations - pressures for third-party certification traceability. We get that all the time. It's a big cost, it really is. We can't ignore it, we have to deal with it, and we have to make the best of it.

I'll turn it over to my panel members and they'll give you a minute or so on their individual company. Kerry.

MR. KERRY CUNNINGHAM: I guess I'm what represents youth in the industry, at the tender age of 43. (Laughter)

For us, we're a family-owned and -operated business, and we have been for over 100 years, in different forms. We are employing 100 people in a small town which has 600 people in it, Clarks Harbour. We put about \$3 million worth of wages back into that local area.

We're importing from probably 15 countries and exporting to another 20, so we're all over the world. We don't have a great fishery right now so we're not using a lot of domestic. Those are our struggles - bringing in, processing, making over 200 products, and getting them out into the world, selling them. For the most part we're very active in our community and maybe you've see it - we have run clubs and biking and everything else. So that's it, thank you.

MR. BERNARD MACLENNAN: Good morning. Fisherman's Market is located in Bedford. It says here we are a vertically integrated seafood business. Essentially there isn't really a movement from sector to sector, meaning from harvesting through to the purchasing through to the processing through to distribution, sales, and all kinds of different markets. Broadly, we're in the international market; we're in the domestic market as processors, distributors, and wholesalers. We're very prominent in the local market for Nova Scotia distribution and wholesale to restaurants and hotels. We're also a large provider to the everyday large grocery store chains.

We kind of encapsulate the business from end to end, to a certain degree. We're located in all ends of the province: Canso, Southwest Nova Scotia, Digby, Blanche Island, and of course here in Bedford. We do a fair bit of added value. We do a lot of filleting, and we produce shellfish products and ready-to-eat products. We have a smokehouse and all kinds of different product lines.

We employ up to 200 people. It's somewhat seasonal but we'd probably go from 150 to 200. We don't have the large swings with some seasonal operations that shut down all winter. We are pretty well going full tilt through the winter in our distribution, wholesale, and added value. We're about \$70 million in sales, and we've been recognized as one of the best managed companies in Canada through the surveys put out by people like Deloitte.

The last thing is that I think we're either the first or the second company in Nova Scotia - I mean to say that it was very early on - that adopted the protocols around food safety that came down from the Global Food Safety Initiative, which is a World Health Organization mandate to establish a very robust standard on food safety that was recognized world-wide. There's only two standards: the BRC, British Retail Consortium, which have been at it for a number of years; and then the Safe Quality Food Institute, SQF. We are certified under the SQF. It is a very robust and modern food safety effort that addresses some of the more evolved concerns of food safety as compared to years past. Thank you very much.

[10:15 a.m.]

MR. OSBORNE BURKE: Victoria Co-op Fisheries is located in northeastern Cape Breton. We're in a rural community of about 300 or 400 people in Mr. Bain's riding there. We have a 10-member board of directors of fish harvesters. We were established back in 1955-56, so we just celebrated 60 years in 2016.

We buy seafood from our members in seven different harbours from Ingonish to Bay St. Lawrence, the northern tip of the island. We also buy from some non-members. We process the majority of that product, lobster and crab in particular, right there locally.

At peak season this year and last year, I think we were around 144 employees, down to about 15 to 20 during the winters. Our focus is to eventually be a year-round operation with as many people employed as we can. Again, similar to Kerry and them, we're putting around \$3 million annually in payroll into the county, and we are the largest employer in Victoria County, exceeding the National Park or anything else that's there.

We have a lobster pound where we hold about 300,000 pounds of lobsters in chill water. We process, on average, 3 million pounds of snow crab. We handle between 1.5 and 2 million pounds of lobsters, primarily in the two-month season and then some in the Fall, when we bring them in from southwest Nova Scotia.

We have our own trucking company. We deliver our own products wherever we can - into the U.S., and we haul freight back. That's full-time year-round. We have four tractors and a bunch of trailers on the road.

We also work very closely, as you heard Bernard say as well, and I'm sure Kerry would echo it - Nova Scotia and Canada in general in the international market is known as having safe seafood. Quality, quality, quality is a focus, and focus on ensuring that we meet the certifications that are required to sell the product.

I would think that's it for me, sir, and I'll go back to Leo.

MR. MUISE: I'll just finish off. I think from listening to these gentlemen you get the scope. We may be in coastal and rural communities, but these are big operations, and they are significant operations. That was our intent, to give you the scope of how big this is.

We're going to list a few of our opportunities and challenges. There's no business without challenges.

Our biggest opportunity is that there is a huge demand for seafood out there. It's healthy. It's well-received, particularly wild seafood. The population of the earth is growing to north of 7 billion people, and the wild fishery is pretty much being fished at maximum sustainable values. Therefore, the demand for wild seafood is going up. We're not talking about aquaculture here today, but it is clear that for future generations down the road, it will be like farming any other thing. We will have to grow. We're taking it out now.

One of our challenges related to this strong demand is secure access to the limited resource. These guys are all in business, and at the first of the year they have to know they have access to the resource before they can sell it. There are some issues, primarily with the federal government, around owning licences and not owning licences and things of that nature. It's always a challenge to secure your supply. As Kerry mentioned, he buys from 10 or 15 countries all over the world to find a supply of seafood to process and move on.



Another opportunity - you're getting a sense here, and I could have brought another 50 or so members in - is that we have a talented and very experienced ownership or workforce. These people have been in it for generations primarily. They are very experienced and very, very talented. I had a call not too long ago from somebody who wanted to know an address of the human resource department of such-and-such a company and the IT department. I said, well, it's simple - it's one person. They do everything.

Now, there are challenges with that also, of course. Finding labour - labour is an issue in this province. Controlling costs - this is not a charity, everybody is in it to make money. The capacity to take advantage of opportunities - lots of opportunities come our way, but some of these companies have limited access, be it in talent, or be it in financial aspects. We will get into it on a few of the programs maybe later.

An opportunity - we have a solid reputation. Canada in particular but Nova Scotia in general is known worldwide as a quality product for seafood. Safety is number one. When you go in and eat Canadian seafood products you don't worry whether you're going to be sick. The challenge to that is maintaining it and keeping it rolling. We have to maintain our standards.

Another challenge is transportation - air, sea and ground. We can get into it for half the afternoon probably but I mean, you can go to every trade show in the world and sell product but if you can't get it out in an efficient manner it's kind of a waste of time. There are some minor issues around each one of those three subjects.

Another opportunity is in investment and succession planning. This generation - as Kerry said, he's one of the young guys - the average age is getting up there. Generational succession is on the horizon, it will be coming soon. I'll leave it at that and thank you for your attention. I turn it back to you.

MADAM CHAIRMAN: I don't know if Mr. Cunningham appreciates being described that way. Mr. Burke, you had one more comment?

MR. BURKE: Just in general, as president of the Seafood Alliance, you heard about us with the core values of working together. We've got 60-plus members. Some of us are competitors, some of them probably on certain days don't want to even sit in the same room, but we're all together working for the good of Nova Scotia.

Similar to this committee, you have different parties at the table. All parties may have their own agenda but a clear message from us is we see this Resources Committee as an opportunity to present information, answer questions, with the focus that everyone around this table has an interest in the natural resources in Nova Scotia and to improve the lot for everybody. I just wanted to make that comment because we have similar challenges on the other side, and we won't get into education.

MADAM CHAIRMAN: Thank you, that's fine. We'll open the floor to questions on this topic. We'll start with the PC caucus and Mr. Bain.

MR. KEITH BAIN: Thank you, Madam Chairman, and thank you for your presentation. I think what I'm going to do first is talk about the labour challenges that you mentioned. Now I know that in your case, Osborne, I don't know if location has a part to play in it but you used to, and I'm sure you still do, get people coming from Newfoundland to work with you.

MR. BURKE: Yes, Keith, those are our first original foreign workers and you know there's some truth in that. Back in 1933, when the fish merchants in Halifax brought in fish traps and they brought Newfoundlanders over to operate the fish trap with some of the locals, there was quite an uproar because they brought foreign workers into Ingonish. They were foreign workers at the time because Newfoundland was not part of Canada. Sorry.

MR. BAIN: I guess my question is, with an 8 per cent unemployment rate across the province and higher in Cape Breton, why is it a problem to get people to work?

MR. BURKE: Well, if you look at our particular area - and we're into temporary foreign workers, we can talk about that, about 10 people coming again this year - everybody who can be employed is employed. Our major focus and when we need extra employment is probably April, May, June, July, and into August. That's when there's peak landings. If you get 100,000 pounds of snow crab in today and we can process 80,000 and there's another 100,000 pounds coming tomorrow, what are you going to do? Snow crab is not like lobster, you can't leave it just sitting around, so you need that short-term workforce to help you.

Preferably we could get it locally but we have a young age of 16 when on weekends kids work on the wharf, unloading for us for the plant. We have plant workers who are over 73 years of age working. The average is probably 50 to 70 in the processing facility, not so many young people. We have the National Park that opens up at the same time. All the fishermen are looking for crew members. We have all the restaurants in operation and then we have Victoria Co-Op Fisheries. We've maxed out the workforce in the area.

At the same time, back in the prior federal government, when they used to say you've got all these unemployed people in the area, in any given year of 100 workers we would have inside the processing facility, 70 to 75 are collecting EI when they're not working. But for the purposes of Stats Canada and federally, they're determined to be unemployed.

The federal government back then looked at it and said you've got all these people unemployed. No, they're actually working, but they don't capture the statistics in reality, they capture them as unemployed. You can apply that across the province.

On top of that, if I want to get a single mom to work, the way the current EI regulations are, if they make \$100, they lose \$50. It's the craziest thing I ever saw when the changes came in back during the Harper Government. On top of that, we have no public transportation. We have no daycare. How do you get a single mom to come to work? It's impossible, right? Those are some of the challenges.

In order for us to process - fishermen want to land their product, and being a former fisherman, they want to land it all on the same day if they can - we have to look at temporary foreign workers as a short-term. We need to look at immigration; we're seriously behind on immigration in Nova Scotia. But there's no doorway from temporary foreign worker to immigration right now under the current rules. It's a significant challenge for us. There's no recognition of seasonality so it's very difficult to bring people in and then have them transition into permanent residency or whatever. It's a significant challenge for us. That's why in our snapshot, we have everybody we can working. They can pick and choose where they want to go to work right now, so short-term is temporary foreign workers.

When you look at 10 workers, I have \$30,000 invested before they work one hour. You see in the media - no reflection on the media in the room, maybe - this constant impression in the public that we have cheap foreign workers. They cost us more. We have to pay their medical and dental while they're here. We have to fly them in and fly them out. We have to get them out for shopping when we have a day that they're not working. We have to look after them with kid gloves. They're excellent workers, and they complement what we have. However, there's \$30,000. There's no recognition.

I started in August to apply for foreign workers, to try to get them approved in time. I have my 10 approved. Five are not coming back from last year - now we can at least bring them back - because they have gone to P.E.I. because they're on an immigration program there. They want to become full-time immigrants. The other five we have, and we'll get five new people from Mexico.

That's just a quick snapshot. I could go on for hours on labour issues.

MR. BAIN: That was my whole approach, just to see what challenges were out there. That's the reason I asked the question. I think it shows that government can do something to help too. Right?

MR. BURKE: Yes.

MR. BAIN: Thanks, Madam Chairman.

MADAM CHAIRMAN: Ms. Roberts.

MS. LISA ROBERTS: The NDP has a strong position in favour of the owner-operator policy. I would be interested, particularly to hear Mr. Burke speak because you must wear an interesting hat, where your members are harvesters and processors . . .

MR. BURKE: And my boss. (Laughter)

MS. ROBERTS: I would be interested to know if the Seafood Alliance has a position on the owner-operator policy. Are you advocating for something one way or the other? How are you making it work?

MR. BURKE: I think there are varying views within the group. We come back to securing raw material and resources. When you look at owner-operator, I was a fisherman in the Gulf region. I understand where the inshore are coming from. They want to have the ability to do that. There are varying views on it. I think, at the end of the day, you have a mix of views.

I don't think it's finalized in any way or form. It has been put into the Act, and there are many different versions out there when they talk about controlling agreements, when you start to define that.

We helped a young person get their licence last year from their father. We advanced down payment. We advanced some monies. The young guy agreed to sell the product to us until he repaid. Technically, you could call that a controlling agreement. At the end of the season, he didn't have any debt to us. But at the end of the season, the licence transferred in the community to the son, and the father got paid through the loan board. Everything worked out well.

There are many different versions of that across there. Every one of the harvesters, if the engine goes in the middle of the season - who is it? The buyer, the processor, is putting out \$20,000, \$30,000, \$40,000, or \$50,000 to help them in the pinch. If they need money for many different reasons throughout the year, they come to their buyer and processor. There's a relationship there.

If you look across the province, there are many scenarios. People forget that buyers and processors are in these communities. They're putting investment in there, millions of dollars. They're assisting these individuals to stay in the fishery or get into the fishery.

Were some of them in contravention of policy? Probably so. How that's going to be dealt with I guess will be the federal government and Minister LeBlanc at the end of the day. I don't know if anybody else wants to add something to that.

[10:30 a.m.]

MR. MUISE: If could just add to your same question, this is by no means our policy because as Osborne said, there's probably many different views. Let's assume you wanted to set up a vegetable stand in Halifax; you aren't allowed to grow your own vegetables, you're not allowed to own a farm, you're not allowed to invest in a farm, and you're not allowed to lend a farmer money in exchange for supplies. That's what some of our people are facing.

Others, such as the co-ops, it's different. I guess to build on what Osborne said, this is a really complicated issue in a lot of ways. I think it's time, if we had a position, the position is it's time to look at the policy. Don't forget, that policy came into place in 1968, limited entry in lobster fishing, and then it evolved over the years. We don't have a position but maybe the position would be, if we did have it, it's time to take a look to see if it still fits and it still works.

We absolutely agree with the concept of limited entry for fishermen. Nobody in this business wants it wide open. There wouldn't be a fish left in the ocean in two or three years, so limited entry is not an issue, it's the issue of - and I had it in my slide there, deliberately - how do we run a business and secure supply so you know you have a business? That's the issue.

MR. CUNNINGHAM: Just quickly, we are completely in salt fish. The lobster buyers are buying the whole way around us. Tomorrow I can go to any wharf and pick a company, take their seven boats and say, I'll give you a quarter more, no matter what their higher price is, and I can put them out of business just like that. They have no protection. We don't do lobster at all, nor would we ever do that because it doesn't make sense.

Every one of these lobster companies have no protection on that and every fishing country has inshore and an offshore, which is corporate, if you want to call it that, and auctions for the most part. It's very mixed. To think if I was a lobster company that someone like us could - we're a big company in salt fish, and essentially, we could put any lobster company out of business tomorrow if we wanted to not be nice people, I guess. We would never do it.

MADAM CHAIRMAN: Do you have a supplementary, Ms. Roberts?

MS. ROBERTS: Maybe to Mr. Cunningham. I had the chance to speak with someone in the processing industry in Clarks Harbour and I got a sense of the expansion of buyers in that community, on Cape Sable Island. I wonder if you could speak sort of as someone watching, how the buyers' market has changed in Cape Sable Island.

MR. CUNNINGHAM: We don't do lobster.

MS. ROBERTS: I understand that - speaking as an observer.

MR. CUNNINGHAM: Yes, as an observer more or less, I am very involved in the fish industry but I really can't speak to that. I don't know.

MADAM CHAIRMAN: Is there anyone else who could respond to that? Okay, we'll move over to Mr. Maguire.

MR. BRENDAN MAGUIRE: My question is around the federal government's plan for the marine protected areas and also the topic of endangered species that seems to come up every decade or so. I've learned more about the cusk fish than I think I've ever wanted to, from Patty Grey.

Are you guys being fully engaged in this process and even consulted when it comes to the marine protected areas and the endangered species list? Osborne wants to talk.

MR. BURKE: The marine protected areas, being a former fisherman and seeing it in our area, down off Englishtown area, right next door to Keith, expansion of marine protected areas. The federal government, I mean Nova Scotia has taken a position, I believe, that enough is enough with marine protected areas in Nova Scotia. Look elsewhere because we've got more than our fair share of them.

I fully support that position and I think most around in our group would. It's fine to protect the areas and protect them to a certain degree, but at the end of the day we need to look at other options.

The federal government has looked at just blocks of ocean. They haven't considered if we're getting any credit for our fisheries management plans. Maybe they're not perfect but they're a hell of a lot better than the rest of the world. Looking at other options other than just blocks of ocean. Yes, in a lot of cases they're looking at prime productive areas, it has an impact on the fishery. Then the concern from industry as well, there's a marine protected area established. Yes, you can do certain things within it, but over time, we've seen what happens: it evolves to the point you can't do anything anymore. If you're going to protect it to the point you're destroying the communities that are making a livelihood from it, what's the benefit to it?

There are some concerns that Nova Scotia has more than its fair share, so start looking at some of the other provinces and looking at some of the other areas. The federal government and the Prime Minister himself have said they have a certain level they want to meet by a certain target date, but I think they need to broaden their horizons other than just blocks of ocean in prime productive areas. If you're going to have a marine protected area, then you're going to need to - the consultation process is not as robust as it should be, in having input. That's my two cents' worth on it.

MR. MAGUIRE: I want to go back to the endangered species because this is something that we dealt with directly a few years ago. It's something that seems to come up every half-dozen years, or something like that. I know Fisheries Ministers of all different Parties have put this on hold.

I'll use cusk fish as an example because I think I've had nightmares about this thing. My question is, why does that continuously come up when we know that that would have a huge economic impact on our fishing industry? Government after government - it seems like every time there's a new government, this comes up. I know that the provincial minister and myself sent a letter off to the federal government with concerns about them once again looking at this. Any idea why these things continuously come up and why they're not being dealt with and put to bed, one way or another?

MR. BURKE: A lot of these issues on endangered species - I think if you look at the Gulf redfish, that has significantly improved, but it's still considered risky or endangered at certain times. There's a lot of drive from NGOs over and above and beyond. If you picked PETA or one of those groups - if you harvest one fish, it's one too many. It's not realistic.

Some have their own agendas. They continually have a large group of individuals lobbying at different government levels, even down to the vessel where the guy is out fishing lobster and he gets a cusk and releases it. Do you destroy the whole fishery over a species here or there or wherever? We want to try to protect them - the fishermen want to protect them too.

Sometimes when species reach a certain level - look at cusk. If I was a cusk, I wouldn't be worrying about the fishermen. I would be worrying about the gray seals that are around there. Far more grey seals are going to chase that cusk than there ever will be fishermen fishing lobster. The fishermen have their challenges with it.

You talk endangered species - we're talking right whales right now. They have decided to follow climate change. Things are changing. They're following the bait. We will have to react to that. We'll have to make changes - shorten ropes, maybe reduce the amount of gear in the water at particular times.

I think fishermen are open. We're not here representing harvesters, but they're open to working to try to make whatever adjustments they can. But at the end of the day, they still have to make a livelihood and feed their families and provide to the province in general in employment and exports.

MADAM CHAIRMAN: Moving over to Ms. Masland - oh, sorry, Mr. MacLennan.

MR. MACLENNAN: I apologize for wanting to back up a little bit. I sort of feel it's not the right thing to do to pass by your question on owner-operator. Could I have just a minute to go back to that? Is that possible?

MADAM CHAIRMAN: Sure.

MR. MACLENNAN: I think it is a very complex issue. It's an issue that has been around for a long time, and it's very dynamic, of course. It speaks to the core of the organization of the whole industry when you start talking about how harvesters are licensed or what have you. Obviously, that's where it all starts. It starts with harvesting.

I just want to make the comment that maybe we should perhaps think about first principles on it. I feel compelled to bring it up because this is a discussion that I had with the owners of Fisherman's Market just yesterday in terms of this venue and what have you. Really, I think the question on the owner-operator issue should be, how does it essentially promote the best outcome for the whole industry?

You have a common resource: the fish in the ocean. It belongs to all Canadians. We essentially extract benefit from that through the industry in so many facets. We all know profits, taxation, infrastructure, employment - you name it.

Really the question is - and sometimes I believe that the fundamental question is lost in the discussion because of promotion of interests of one side or the other, if there is a one side or the other. Really the issue should be looked at in terms of the overall best outcome for the industry.

Secondly, to sort of narrow it down a little bit, the owner-operator issue is about ownership of licence and the divide between who can own them. Just to point this out, as a processor and not a harvester in the inshore, moving beyond the wharf so to speak, we had no access to harvesting or an avenue to do that while we are processors.

Just to point out, at the same time licence holders, owner-operators of licences, can easily step into our world as processors. They can go from owner-operators to processors, through proper licences and so on, without any sort of real issue other than satisfying all the regulatory and investment and whatever other criteria which nobody seems to have too much of a problem with. But going the other way, it doesn't work under the present regime. Reciprocity in terms of each side of the harvesting versus the processing and added value, how it works in tandem, it doesn't go back and forth. Those are my two comments.

MADAM CHAIRMAN: Ms. Masland.



MS. KIM MASLAND: Mr. Muise, you mentioned in the beginning of your presentation that the demand for wild seafood is increasing. I know that demand of local, healthy food is in the agriculture industry, too, so there's a real concern. People my age are willing to pay more for that local, healthy food, but there's a concern that we will not be able to meet the demand going forward.

My question is, what do you see as the biggest barrier to meeting the future needs of the industry, making sure that we have enough to supply that demand?

MR. MUISE: I wouldn't worry about it - your great-grandkids might have to worry about it - because in Nova Scotia, clearly 80 per cent of what we catch wild is exported out of this province. We catch way more fish than we could ever eat in this province. If you're talking about Nova Scotians having access to high-quality, locally-caught wild seafood, I think you can put that one to bed and not worry about it. You may not like what you're going to pay for it because there are other people in the world who will pay more than you will pay and that could become an issue of cost, not supply. That's where I see it going.

I don't know where the upper limit is but I was in Bergen, Norway on vacation last September, and there's a fish market right there, downtown, and I went in. My math is not the greatest, but as far as I could figure, they were paying \$50 U.S. a pound for Canadian lobster. I saw them there and I tried to do the conversions, but the bottom line is that it was a big number.

There are people in this world who if you can guarantee the highest quality, safe, fresh food, will pay probably a little more than some of our citizens are willing to pay for it. But as far as supply goes, I think we're okay there for a while because we export so much, we just start bringing some of that back.

Maybe some day, in future governments, that might be an issue of public policy. Will it ever get to the point where maybe we don't export anymore because our own domestic population can handle it? I don't know but that's where we're at.

MADAM CHAIRMAN: Ms. Roberts.

MS. ROBERTS: I do feel like you're free consulting and it's wonderful to have you all here from so many parts of the province, too, without having to make the time to travel around. I'm interested to know, what percentage of fish processors and exporters and fish packers do you represent? Are you representing 90 per cent of people in your business? Are you representing 50 per cent? What does it say about you, as an organization?

[10:45 a.m.]

MR. MUISE: Thanks for that actually because I'll tell you who we are not, we are not - they call themselves SPANS, the Seafood Producers Association of Nova Scotia, that's the big boys. That's Clearwater, Captain High Liner, Comeau's, and a few others. That's not us. They have their own organization because they are totally in the offshore. They are vertically integrated companies, they don't do the same thing we do, sort of.

As far as the small, medium, and I'm going to call them large companies, if you look at that number I put up there, \$1.419 billion in sales and they say the total value is around \$2 billion, we've got a high percentage. We've at least got a high percentage of their production.

Now there's people here in the room from Fisheries and Aquaculture who could tell you how many licences, we have 66 member companies part of this group right now. If I was guessing, there's probably around 100 or so that are doing a significant amount of work, so we're certainly more than north of 50 per cent of the industry in the small, medium, and large category.

MS. ROBERTS: Thank you very much, that's helpful.

Back to the owner-operator for a bit - and I agree, we could probably talk about that one for a long time - I think one of the reasons why, as the NDP, we're in favour of the owner-operator policy is because our principal desire is for economic benefits that flow from productive work in our society to be shared and the owner-operator policy is one fashion to not to prevent concentration of control, concentration of wealth. Yet I really hear what you guys are saying.

I had a good conversation with a processor, second or third generation, very embedded in community, talking about that risk and the tension between wanting to invest and grow business, which does in fact mean growing economic benefit for Nova Scotians in rural parts of this province, which is so important, and yet that lack of security of the basic stuff of which that economic activity is made.

I'm wondering if there are other actions the province can take that would help your members invest and grow your businesses, that don't pit processors against the harvesting sector.

MR. MUISE: Thank you for that question because this is something that some days it really bothers me and other days no.

Let me begin at the first end of it. I've read two news articles in the last month where my members are hiding their money in South America and all that foolishness. These people don't even get a vacation, never mind time to go down and hide their money. These guys work hard. They make wages, of course they make wages, you're in business to make

a profit. But it really troubles me to think that it's out there that these are multinational conglomerates that are gobbling up all of these poor people out there and we're going to control prices, we're going to do this.

Nothing could be further from the truth. This is a continuum. The harvester goes out and catches the product and brings it to the wharf. The buyer/processor goes down and takes that product and turns it into money for both of them. It's the same communities. Like Kerry's community, he in Clarks Harbour, Osborne is in Neils Harbour, and Bernard is in Bedford, for God's sake, Canso and Digby and places like that.

I think you should look at this as a continuum of the same process. I had one guy tell me the reason he's not a fisherman is because he got seasick. Well, so he decided to get into business and stay ashore. Is that a big, bad multinational that's going to - you know. Our companies support the Little League teams, we do all that type of stuff. I would be 100 per cent on the side of, yes, multinational conglomerates, investment funds from Brazil coming in, buying up coffee shops and causing all kinds of fuss, yes, of course. But that's not what's happening, that's not the reality out there.

The second part of your question is what you could do to maybe help. We strongly believe there is more than enough capacity out there now on the shore side. This limited entry that we've asked for - I know that again it's contentious and we thank the minister for at least putting a freeze on it until we straighten it out and have the policy discussion. But for us, let's find a way that this Nova Scotia resource - Canadian resource that happens to be off the coast of Nova Scotia - that we can send the benefits, whatever they may or may not be, back to our own people.

We've been given a tremendous privilege here of having this. We have a moral obligation to manage this properly, this whole thing, for the next generation and for ourselves. Things on that side, on the buying side that the province does have more of a role in, we would like them to work with us, and it could be financing. The Fisheries Loan Board is considering it, I know that, because I met with them not too long ago. Again, what a great idea, why not?

MS. ROBERTS: What are they considering?

MR. MUISE: Financing the shore side as well as the vessel side. I have to tell you, they'll make money; it's not going to be any kind of a grant system. We're not talking about giving us grants, we're talking about providing loans and what the loan board brings to the table is that they're a very patient lender. Some lenders are not as patient as others apparently, so things like that, just wise policy.

Now another thing, if you want to talk provincial government, they possibly might be able to - every DFO meeting I go to, if you want information, go to our website; CFIA, go to our website; the Province of Nova Scotia, go to our website. Nobody talks to you anymore. Believe it or not, it's still an issue. If you're operating in some of these more

remote areas, going to a website is a big deal. Anything the province or the municipalities - and I brought this up to the Shelburne municipality not too long ago - can do to make sure we have a robust IT system in this province and that you can go to the website and do your business - because that's where it's heading. You have to apply for everything now online, you have to get information online, and that would be a help. I don't know, but you guys might have some more ideas.

MR. BURKE: In relation to the owner-operator and back to the buyers, as Leo says - and I give a little snapshot of helping somebody to transition from intergenerational transfer. All these buyers and processors, as Leo says, are not the big, bad guys. I must confess that I am going on vacation after the Boston seafood show to see Mickey Mouse, but I'm not going afar and I don't have a bag of money to go with me.

The reality is that all these companies, and ours being a co-op where the fishermen invested in the communities all across the province - they're the ones in the local communities who have put out the financial risk, who have invested and are re-investing. In order for the whole fishery to be successful for Nova Scotia, when the harvester drops it on the dockside they don't generally see it anymore.

In order for them to be able to sell that product and have somewhere for it to go, it's the other guys in the trenches. It's Kerry and I who will be standing in the seafood show, whether it be in Boston or Brussels or Qingdao, China, for many hours on end. It's not the greatest fun in the world but you're out there promoting Nova Scotia product and promoting Canada in general. You're the one who is donating to the basketball teams and the different causes in the communities.

These are people who are invested there and they need some security of investment as well. We operate snow crab processing, there's about nine of us in Nova Scotia. We have the capacity to process probably three times what's landed right now. When you look at licence policy and the minister putting a freeze on it, does it make any sense for a company to come in from afar or wherever and start up a snow crab processing facility? All they're going to do is create a crisis for the ones that have already established into it.

It's a concern for a lot of these processors and buyers to be able to invest when they have no security that 50 more people can start up tomorrow. That's some of the reasons why we want to see changes in the licensing policy to be positive and to benefit everybody and still allow, hopefully, in the licence policy review that there will be some process so that if somebody's licences are frozen where they are now, they have some sort of a review board that would be able, on a business case, to look at something that may make sense two years from now that doesn't today.

Back to the buyers and processors and reading some of these articles, they're not big, bad people. They're local community-minded people who are providing employment and generating revenue. There's something that we forget about that \$1.4 billion. For every dollar we're spending or generating, all the service industry - whether it be from hydraulics

to welders to anybody you could possibly think about - there's a hell of a multiplier. I think it's eight to nine times on the dollar of the investment we're employing in the service industry as well, people tend to forget about. It's significant.

MR. CUNNINGHAM: As unfortunate as it is, I think there is a disconnect between what happens here and what happens out there in the rural areas. We just raised \$1 million for a Live Well Challenge that went to charities. This is just fishermen and companies working together for charities.

I don't think, as an industry, we ask for much. I think we're model citizens. When the environment comes up, it's more important to us than the people who are commenting on it. We live in it. We profit from it. We play in it. We go to the shore and pick oysters and clams. Our kids do the same. It's very, very important to us.

It just feels like there's a disconnect. I have yet to see a big boat. I have yet to see a fish plant owner with a sports car. Maybe you know one. I don't know one. We have big trucks because we have to tow stuff, not to destroy anything. It just feels like there's a disconnect.

Personally, I think if Amazon or Google were to set up offices in Dartmouth, you would hear non-stop news stories. We have a fantastic industry that cares about the community and the province, and all we hear are negative stories.

Yes, there are bad things that happen. Yesterday, a guy lost his hand. He's a friend, and everyone cares. We'll raise money to help him and his family. I think that gets lost.

We're looked at as destroying the environment, when I think we appreciate it more than anyone - and use it.

MADAM CHAIRMAN: Mr. Porter.

MR. CHUCK PORTER: Thanks for the presentation - great to have you guys here today. Leo, nice to see you again. It's been a few years since we chatted last in a different kind of world.

Mr. Burke, you touched on the spinoff effect a few minutes ago. I think people do forget about that. I think a few years back, it used to be around six bucks that were spun off from that first dollar, so it's big. I don't think people relate to that sometimes, because they don't see it. It's not right there.

We're already in some foreign markets. Obviously, the export market is pretty good. Leo, I think you talked about the Asian market early on in the presentation. How do we reach out and get into that market? Or Osborne or whoever. We obviously have the quantity to get there. What's the challenge getting there? What does that process look like?

MR. BURKE: I mentioned earlier about trade shows, and there are some programs within the province: Nova Scotia Export Growth program, NSBI, the provincial fisheries. The province in general has taken the approach in Asia and looking at China.

We're also looking - this will be year four - into Europe and to Brussels. Kerry goes to Brussels.

Some areas are going to be slower to move than others. If you're trying to sell 30-pound boxes of snow crab sections to Asia, it's a hell of a lot easier. If you're going to sell that in Europe, it's not going to happen. There's different packaging, smaller portions. You need to understand the market. You have to do some research.

Sometimes with my board of directors, it's a challenge to explain. Some would think you can just go there and sell it tomorrow. It's not like that. You need to go there. You need to be at the trade shows. You need to be in the trenches. You need to be meeting the potential customers. You need to build relationships in this business.

We buy and sell hundreds of thousands of dollars in a phone call in five minutes amongst ourselves and our customers that we've established relationships with. You have to do the same. We have a customer that we've established in Hong Kong. We've just broken the barrier into Vietnam this year, with some assistance from NSBI lead. That's another growing market that's going to be the second China of the world. But we've got relationships where we're going to the customer's house in Shanghai and sitting in their home and eating with them. That's the kind of time and effort you have to put into it.

[11:00 a.m.]

Sometimes people on the wharf or the harvester side may miss that but we are doing that. There are programs that can assist us. There are still challenges and barriers. If I look at NSBI and the rebate program that just came out, the challenge with that, and we have concerns, is the limit on it. You can get up to \$500,000 if you're investing in secondary processing, which I think is where we want to be. There's primary processing but if we take those crab sections and do something else with them, or we do personally produce crab meat, there's a higher value. You have a limited raw resource so you want to maximize the value of it as much as you can. In that program, they've capped it at \$2 million. It leaves out most of our members at a \$2 million cap. Great if you're going to invest \$2 million and get \$500,000 of assistance, but a \$1 million cap would have been a heck of a lot better for us, to give us more opportunity.

There are some programs that need some tweaking and we're certainly here to provide advice or information. NSBI is one of our associate members so we're encouraging other agencies to become associate members so we can sit with them and have discussions and say hey, that's great, that's a good policy, but now let's see if we can tweak it a little bit to make it more realistic for the members who actually need to access it.

MR. MUISE: I'll try to keep this brief. Chuck, to your point, I want to put in for all you folks here because there's the three Parties here, anything you can do to help that Stanfield International Airport grow and continue doing the job it's doing - that Gateway facility out there, you wouldn't have to be sitting here talking about sales in Asia and China and Europe if that facility did not exist because if you're talking live product, it has to go on an airplane, there is no other way.

I know that the airport, because I'm on a committee with them, they're talking about expanding their cargo business and their freight business and if there's anything the province can do to encourage your federal people that you meet from time to time, or that the ministers meet from time to time to say that yes, that facility out there is important to us, to our industry.

Equally important - and I'm not going to get into any debate with you on the ferries - is that ferry from Digby to Saint John, New Brunswick, because it saves about six hours of driving time with a live product that's going to New York or Boston, and every minute counts. Right now, I don't mean this in too much of a negative way, but that boat is now on refit - right now, this month. That is an issue for some of my members because they're leaving Yarmouth, they're driving to Truro, they're going to Amherst - you get it, right? To get to Logan to put it on an airplane and send it to China because the Stanfield Airport is at 110 per cent capacity, transportation is always something to keep in the back of your minds.

The ferry, the one everybody talks about doesn't take trucks so that's another debate for another day. The one from Digby to Saint John is critical. It really, really is because of the shape of our province. If you're going from the bottom, across, and you go all the way up around, it takes a long time. Again, that's one of those things I ask you, all Parties, just to keep giving some encouragement to those people to keep investing in the transportation sector.

MR. MACLENNAN: Just to add to Leo's comments about the Gateway facility, I think it would be interesting to note how many years that live lobsters have been shipped out of Halifax without the Gateway. Think of that time span - it goes back to the late 1960s, 1970s, maybe even earlier. The point I want to make is, I know the principals of the Gateway facility, who started it, who had the idea, and who made it work. Both of the principals, and I'll just talk about one in particular, started as a salesperson in a live lobster operation, started their own small live lobster operation - hand to mouth, essentially - grew that and then looked at the approach to the business from the other end in a highly entrepreneurial sense, saw the need, saw the history, and you now have the Gateway facility.

My point is simply this: it came from the grassroots of the industry that gets you now to that important piece of infrastructure. It came directly from the grassroots of the industry - from the buyer, shipper, processor side.

MR. PORTER: Thank you for your answers. Mr. Cunningham, did you want to comment on that first one?

MR. CUNNINGHAM: I would just like to comment back to you and add on to what was said. I think with China, they're becoming consumers, so for anyone to step up - and we're going to have a shortage of food, it's inevitable.

For anyone to say, this is what China is or is not going to be and here are our opportunities - it's incredibly naive. They're shipping fresh cod there from Norway on planes now - they have never been fresh cod eaters. It will evolve. It's a new consumer market, and quite frankly, I don't think anyone knows what it will become. But it's important.

MR. PORTER: The second part of this - obviously, logistics are a very large part of how business gets done outside of this province, and that makes sense. To that very point then, is there any consistency to how long it takes to develop that relationship and create that market?

MR. BURKE: I would say it varies depending on the customers. If you're into China or the Asian market in general, they want to get to know you before you're going to do business. If I look at China, you're probably talking a two- or three-year time frame maybe before you do a single sale.

On our 60<sup>th</sup> Anniversary, our customer in Shanghai flew from Shanghai to Neils Harbour - came to Neils Harbour - to attend that for an evening. Looking at the Asian mindset, the company had been around 60 years. They have a lot of good feelings about companies that have been in business for a long time, whether it be in China or whether it be here. They took the time to come over here at a significant cost just to attend that. Similarly, we had somebody there when they opened up their fish market in the new marketplace in Shanghai.

It takes time, and it can vary in customers. A Hong Kong customer took us three years. We didn't meet them in China or Hong Kong. We met them in Brussels at the seafood show. People think it's just Europeans at these seafood shows or Boston or anywhere. They're from all over the world.

It took several years of talking. Thankfully, we're in part of a booth that's funded by federal and provincial dollars. There's a chef there, our product on site, and they were able to sample it. That eventually led to getting a few cases and eventually led to orders. Last year, there was \$1 million in business with the customer in Hong Kong, and we're looking to expand it. I'll be meeting with them when I go over at the end of the month.



It takes time and it varies depending on the customer, but you have to have those good, core relationships. Sometimes you're giving them a nickel, and sometimes they're paying you a little extra, but they want your product because they trust you. When you're dealing with the other side of the world, you need to have a certain level of trust before you start shipping over \$0.25 million containers of product.

MADAM CHAIRMAN: Mr. Bain.

MR. BAIN: We have been talking about the European and Asian markets. Some of it is going to take time to evolve, we know that. I guess I want to go to the other side to the NAFTA talks. Earlier in your presentation, you talked about the U.S., especially the Eastern Seaboard, as one of the largest markets for the product within Nova Scotia. This is hypothetical, but if the NAFTA talks happen to - excuse the pun - go south, is the industry prepared? What have they done in case they do go south?

MR. BURKE: To answer that question, are we totally prepared? Probably not. Are we starting to focus? That's why we're focusing on Asia, and that's why we're focusing on Europe - to slowly shift. In fact, in Canada, we're selling more in Ontario and west than we ever did before. We're trying to bring some of that dependency so it's not all your eggs in one basket.

Even if NAFTA fails, there is a Canada-U.S. agreement that they would fall back on. Beyond that, there's the World Trade Agreement. I don't think it's the be-all and end-all at the time. You have President Trump there who is threatening and Canada is not treating him right. I think a lot of that is bluster and at the end of the day, when we look at our counterparts in the U.S., they have similar concerns and business there because they understand.

If you look at lobster, it's back and forth across the border. Lobster is coming up from Maine and the U.S. being processed, it's going the other way. Everything is fully integrated in a lot of cases. I think the business people in the U.S. get it far more than Mr. Trump does. At the end of the day, I think he's got a lot of bluster, but hopefully common sense will prevail.

There are other agreements that we'd fall back on. In the meantime, individuals like us are looking at trying to find other markets to be potentially ready. In any business, you shouldn't have all your eggs in one basket because anything can change, especially exchange rates can be significant on what happens in the marketplace.

MR. BAIN: The industry is ready. The industry is not going to collapse, waiting for that Asian market to open.

MR. BURKE: I don't think so and I think we are looking at other markets and trying to shift the focus, and not only shift the focus to another market. I'm selling to Hong Kong for a reason: it's a high-end market. I'm getting more money for that product than I would if that container of crab was going to Boston. So not only do we want to shift focus but we want to be able to do it at - if it's the same value or you're making the same revenue from it, then why would you shift? I think we're learning more and more that we have to have product in a lot of different locations, just to protect ourselves.

MR. MACLENNAN: I think perhaps just a bit of not so much information, but if you roll back the clock to pre-NAFTA and looked at the seafood sector, particularly the north-south, along the New England States to the Maritimes, the tariff regime and perhaps non-tariff barriers were not as severe as in other sectors. If we did roll back NAFTA, we would probably be in a better position relative to access, compared to some other industries that had a larger effect of NAFTA.

Not saying that NAFTA is not important, of course it is, but the one thing that's different that could impinge on us is you have to remember that in the last five years there has been - I can't say a resurgent investment because it was almost non-existent but the Eastern Seaboard, the coast of Maine in particular, has now started and have well-established investment in producers that directly compete with our added value processing, which was not the case 15 years ago.

Pre-NAFTA, we really didn't have to worry about added value because they were essentially a buyer of live product from us and through the live channels, and we supplied them with all the added value, like lobster meat and in-shell products and cooked product and so on, frozen product. But they are now a producer so that's an unknown because there are two conditions - no free trade and a competitor in a foreign country that is in "our" market, so I call it. That is a little bit of a change so that would be the part that would concern me.

MADAM CHAIRMAN: Ms. Chender.

MS. CLAUDIA CHENDER: Thank you, gentlemen. I'm certainly learning a lot and I really hear you, Mr. Cunningham, when you talk about being a little bit invisible where you find yourselves in the more rural communities along the coast but having an outsized impact on the economy.

To that end, I wanted to ask a little bit more about the NSBI rebate which Mr. Burke raised. Just to dig into that a little bit more, what I think I heard you say is that that \$2 million threshold seems a little unreasonable.

I wonder if you could talk a little bit more about, from your perspective, if this were a bottom-up initiative in the way that we just talked about, the Gateway facility, if you were designing it, what would that rebate program look like? What might some other programs look like that could help your industry along? Whoever would like to answer it.

MR. BURKE: It's a fairly new program and it has come out with good intentions. I think it's a great idea, it's a great opportunity. It's focused more on secondary processing, which we need more of, so that's good.

The biggest concern that we have, some of our members, is the cap because it's forcing - if you want to participate in that, you're going to have to look at a \$2 million investment to get any benefit from it. A lot of companies, quite frankly, are waiting to see what happens with licence policy and to overextend themselves at the \$2 million cap. If they had come and asked me about it and said here's the program, I would have said cap it at \$1 million.

[11:15 a.m.]

There may be some concerns they have and I've talked briefly with them, that it would include a whole lot more applications, the money would run out sooner. I think they have good intentions for why they originally set it there, but it's not realistic for the majority of people who need the benefit from it.

The biggest concern I have with it is the cap. If that cap is back and whatever rebates or adjustments you can get, everybody is going to reap the benefits from it. But if you can't participate in the first place - some will but it's going to be a limited number. When you look at the 50 or 60 members we've got that are contributing \$1.4 billion - most of them may not be able to get at that \$2 million level. There may be some that can. The cap is the biggest concern that membership has.

MS. CHENDER: Just to clarify, my understanding is when you say "cap," you mean the investment threshold.

MR. BURKE: Right.

MS. CHENDER: It's sort of, just in terms of the way I'm thinking about it - to invest at least \$2 million, and the cap is \$15 million, as I understand it.

MR. BURKE: Yes, but \$2 million is the minimum you have to invest.

The other concern I would have with it - let's assume you invest \$2 million. You could qualify for up to \$500,000 of free dollars, which is significant, makes a big difference whether somebody decides to take that step. However, the other thing I would say on the criteria is, you have to spend the entire \$2 million before you can access the money. Not that I don't necessarily have a problem with that, but it may prevent some challenges if at a certain point, you've spent half and then you get half, to assist you in the cash flow, something along those lines, it would be helpful.

MR. MUISE: Yes, if I may, I'd like to build on what Osborne just said in your question there. The NSBI program is terrific, it really is, but there are other programs. I had it in my slide up there. Sometimes our ability to participate in these programs is a challenge - it's not a government problem, it's our problem. It could be human resources, we just don't have the person to put on the file, right?

The Atlantic Fisheries Fund that the federal government - good God almighty, they're talking like \$400 million over seven years' investment. But there's going to be caps on it the same way. We don't believe in 100 per cent free money, that's not what we're talking about here. What we would like to see is these programs fit the target audience. If the target audience is secondary processing in the seafood business, then there is a limit. Again, what might fit Clearwater probably doesn't fit Osborne or Kerry and vice versa. The same thing with the federal programs and any programs.

Sometimes it's a labour thing, like we're going to provide you with, well let's say training, but then we don't have the employees that we can free up to go to the training - these types of issues, I guess. It all sort of builds that there are limitations on what these companies can reasonably put into a program before the benefit disappears and it's a cost. That's what we're getting at. Every one of those programs are appreciated, trust me, but it's how far we can take them.

MR. MACLENNAN: Just a further comment. It's obvious that if you have 60 members, there's not as many members who could have a project, an idea in their mind, that starts at a \$2 million project. I can guarantee you that every operator who goes to their office in the morning and looks over what they have resource-wise under their own roof says, I would like to do this, I have an idea, I'd like to do that. I'd like to produce this kind of a product - it needs some work, it needs some development, it needs some different types of packaging. I need some help both on expertise and perhaps financial assistance.

When you break that down and say it's a \$100,000 idea, there are many \$100,000 ideas in everybody's heads - less so on a \$2 million or \$3 million or \$4 million idea.

Essentially what happens is that \$100,000 idea - and I'm just pulling numbers out of the air - I'd say okay, I've got to do this, I've got to do that, and then I'm going to hire five more people because I now have a successful project. Add it up, the math is there, from a conceptual point of view.

That is kind of what we're talking about in terms of effectiveness. When you put that threshold of two to 15, it gets a little onerous for some businesses to think in those terms, and impractical, as a matter of fact. That's not the idea that they have. They just want to make an improvement here or there that's less dollars. But it should be supportive.

MS. CHENDER: Maybe just to pick up on that, Mr. MacLennan, I think part of my original question is, what might another form of support look like? I think you're pointing to it a little bit. Marketing support - that would go back to the loan conversation that you were mentioning for those smaller ideas. Is that right? You're saying that there would be a need broadly at a much lower threshold.

MR. MACLENNAN: Smaller dollar value.

MS. CHENDER: Smaller dollar value, large in impact.

MR. MACLENNAN: Not in the conceptual way. Nobody likes to think of their ideas as small.

MS. CHENDER: Yes, brilliant ideas with a smaller price tag.

MR. CUNNINGHAM: Well, \$2 million is a lot of money for most of us. I feel like we keep repeating ourselves. The owner does everything in the business. As a collective, we have a big number, but if you go to some of these places - we're not these huge factories, so \$2 million is great to have - I couldn't imagine. You could say, \$2 million, we could spend that tomorrow. It's just not how I think, I guess. You're right - for \$100,000, there's something that we probably need. We could build a whole new facility for \$2 million.

MADAM CHAIRMAN: Mr. Horne.

MR. BILL HORNE: Thank you. It has been a great discussion. It's nice to hear all the interesting parts of fisheries. I was going to ask for a little bit more update on the fund that was announced last year in March, \$325,000 in federal and provincial money - the Atlantic Fisheries Fund, I guess, so it includes Newfoundland. Have many of your operators gotten into that funding at all? Have you developed programs for that? I'm not sure who that should go to.

MR. MUISE: I'll take that one. It might be a bit early days yet. I know of a few that are thinking about it - more than thinking about it. They're putting applications in. But again, I think we're in the stage now of trying to get our heads around it.

They say they want innovative projects. Good God, that's kind of an overused word - innovative, right? We had breakfast this morning, and we kind of had a chuckle about what's innovative in P.E.I. versus innovative here.

We're getting organized. I would say the industry is starting to organize around that. Now that fund is significant, but don't forget, every academic institution in Atlantic Canada has their fingers in that pot. There are probably organizations like ourselves and others that are thinking about it. Every harvester probably needs a new piece of equipment, and on and on and on it goes.

No, they haven't made many announcements yet. You know yourselves that you will hear - when there's something to announce, somebody will be announcing it. You can be sure of that. Stay tuned.

My friend here to the left maybe has some more information on it.

MR. BURKE: The Atlantic Fisheries Fund - we had a presentation from the individuals who are looking after it here in Nova Scotia. Basically, Nova Scotia is the head base for it all, I guess through Fisheries and Oceans. All applicants come in through there. They get provincial approval as well, and then eventually, Dominic LeBlanc - the Minister of Fisheries and Oceans - signs off on it.

There are some challenges. I think they're still trying to get some clarification around some of the criteria. For example, my understanding is if you apply for something that's just under \$200,000 or capped at \$200,000, you can get up to \$100,000 in a significant rebate. If you go above \$200,000, you get zero. There are some challenges in how it breaks down and how it's going to play out.

There may be certain components that we're trying to get clarification on. For example, infrastructure - if you need to bring your facility up to BRC certification, which is British Retail Consortium - and remember, this fund started as a result of CETA, the European agreement. My understanding is they won't cover anything in infrastructure. Yet if you don't do those infrastructure improvements you can't meet the criteria, so there's challenges in that aspect of it.

It's a complicated process and application. We've got a consultant working with us now, but we're probably going to be into significant dollars to get our application to a certain point - whether you have to provide all your financial records, you have to look at the period of time or what you're proposing and what the payback is going to be on it, where the benefits are. There are a couple of different categories: one is infrastructure, I think; one is innovation; and I can't remember what the third one is.

It's a growing thing as applications come in and the first phase of it was short, it was less than a year - it ends March 31<sup>st</sup>. I believe there are some smaller applications that are in and a few have been approved. However, we're looking at applying into early April to a significant investment, depending on what assistance we can get and at the end of the day, we have to make the decision whether we move forward or not.

It's a big learning curve even for the ones who are managing it. They're trying to get clarification because this applicant comes in and has a different request than somebody else. I think in year two, which is the full year coming up, you're going to see a lot more applications.

MR. MACLENNAN: Again, just to add as a direct question - is anybody applying? We have a project now - it's a product development project. We have done the formulations in-house, and have gotten it to a certain stage. We are now in discussion with Perennia to take the formulation and scale it up. Their primary role will be to find and qualify the equipment on a processing line, on a pilot scale and all of that.

We're in the process of putting together our application for the fisheries fund, innovation funding under product development, to get some assistance. Again, going back to it, this is not a large product but we're going to be utilizing raw material that is essentially high-quality grade but low-grade on the price level because of its functionality in the marketplace. We are going to essentially repurpose that particular raw material that we have and we will end up with an added value product and we'll be doing it co-operatively with Perennia at the stage of the product development that they are equipped to do, that we are not equipped to do because we're not a technology company. We are a commercial company; they are a technology entity.

It's going to be a very hand-in-glove situation and there's the example of utilizing that fund, again at a low threshold. Let's hope that that fisheries fund ends up with all kinds of those kinds of projects that have additional jobs attached to it.

MR. HORNE: Just to continue on, I was kind of focusing on the fact that you could use this fund to expand your business overseas, in other countries. I may be wrong there but I've read - and I really do like your high-tech, getting more returns on your investments.

MR. MACLENNAN: Yes, it's almost a given, again because of our domestic market. You can almost assume, unless clarified otherwise, our domestic market - say Nova Scotia and the Maritimes - is so small that when you run \$70 million, \$100 million, \$50 million worth of sales, it's almost a given that exporting is your focus for sure.

This particular product that we're working on will be hugely exportable. It could be a good one.

MR. BURKE: Just in relation, there is a marketing component to the Atlantic Fisheries Fund. That's not finally established yet. The rest of the fund is basically we're seeing in the Maritimes, Newfoundland - Atlantic. But the marketing component is going to be a national component across Canada. That was a change in that.

That portion is not finalized yet and that's going to be focused on marketing and into different sectors overseas and assistance with that. That's under way as well. I don't know how far established that is at the moment. But that's national in scope where the rest is Atlantic-wide. (Interruption) The Lobster Council is one, I think Leo just mentioned it, that is looking at doing something with a promotional aspect in marketing on lobster in general.

[11:30 a.m.]

MADAM CHAIRMAN: Ms. Masland.

MS. MASLAND: Going back to transportation, I think we all agree that movement of the product is crucial. If we could talk a little bit more about what the challenges are that the industry is facing in air, road, and sea transportation.

MR. BURKE: In relation to road transportation, having our own trucking company, there's significant challenges, never mind road conditions at times. The recent ELDs that were just required in the U.S. in trucks - electronic logging devices - from the old paper records, are a significant investment. We had to put in thousands of dollars with three or four trucks, training of the drivers. It's going to change. It's coming to Canada in 2020. It's going to significantly change. The driver is going to drive a certain amount of hours. In the past, there have been games played with log books to try to meet criteria. There's challenges coming and costs coming for shipping. Shipping costs are going to increase on the trucking end of it.

When I say that, at the same time, for example, the Gateway in Halifax does what they can with what flights they have. A significant portion of lobsters that come in there are reloaded on trucks to Toronto and Montreal and down the highway and into Boston to then be air freighted, hence our continual challenge in Asia to make them understand that Boston lobster doesn't really come from Boston. It's Nova Scotia lobster that was driven down to Boston and put on a flight. It's a mindset the provincial fisheries and other agencies are trying to continually educate in Asia - it isn't Boston lobster. It came from Canada. It came from Nova Scotia. There are challenges.

For example, I know some of us are meeting with people at the Halifax airport to continue some discussions on what can be done, improvements there - more flights, more ability to take live product. That's for live product that we're talking, at the airport, but also the flipside, the benefit of reducing the cost of transporting a lot of it by truck.

There are significant challenges - the ferry, as Leo mentioned, in Digby. If we need to be able to get this product to market, then we have to be able to get the product to market at a reasonable price.

Containers we can ship out of Halifax as it is currently. You're typically talking 57 days to arrive over on the other side with the product. Anyway, that's just a couple of comments. Some of the others here may have something.

MR. MACLENNAN: Just to add to that, what I see as one of the big problems for a lot of companies is particularly with fresh product. I think Osborne's experience - they have their own trucking company, so full trailer loads is one thing. That's a challenge.



But what's even more of a challenge is if you have what's called LTL - less than a trailer load. If you have four pallets of fresh product, and it has to go on a certain day, that is a logistical nightmare coming from Nova Scotia to try to find - people spend inordinate amounts of time and money. I don't know what the solution is. I don't have any suggestions of what the solution would be. But you have a lot of smaller packers and processors that don't generate full truckloads, particularly on a fresh product. LTL service is really something that could benefit the province, very much so.

MR. CUNNINGHAM: Since we're on infrastructure, just being able to communicate with the rest of the world - we don't have time, because we're putting out so many other fires, to deal with that. It's incredibly important.

If three telecommunication companies and Facebook can get Wi-Fi to Africa, I don't understand why I can't send a picture from my phone on Cape Sable Island, Nova Scotia. We use it a lot. I do deals on Skype. I do deals on WeChat - everything, all the time. If I can't send a picture, it's important.

For now, we work around it, but we need to figure that out. We just don't have the time to fight it, and it's not an agenda item. I shouldn't say "fight it" - to help. But it's incredibly important for our industry because that's how we communicate, not through fax or teletype anymore.

MR. BURKE: Thank you, Kerry, for reminding me of that because when we talk transportation and highways and everything else, Internet, high-speed Internet, supposedly we have it but I can tell you that we don't have it in Neils Harbour. I can watch that little wheel spinning and spinning on the screen for quite a while, while the pharmacy next door that we rent space to, that needs access to patient records, can't get proper access and people have to wait hours until they can finally get online.

I've said to the Premier himself at one of the trade shows that we need to really, all Parties here, focus more on getting that. If we want to be in the international market we have to be able to push the button and deal, as Kerry says. It's significant that sometimes we forget about that transportation aspect of it that we really need to further more than what we're doing in Nova Scotia, have access actually to high-speed Internet, especially in the rural areas where most of these production facilities are.

Customers have a job understanding why we aren't able to communicate as efficiently as they can. Thank you.

MADAM CHAIRMAN: Ms. Roberts.

MS. ROBERTS: I'm the Energy spokesperson for our caucus and I am interested to know if your members are concerned about offshore drilling and offshore exploration in areas that harvesters have certainly expressed concerns around.

MR. MUISE: I'll take that because I'm on the Fisheries Advisory Council - or board or committee, whatever it is - to the Petroleum Board. We are not a "leave it in the ground" crowd. We know it's coming. Our position is: if you do it, do it right.

There's a couple of issues that frequently come up. We would be pretty opposed to drilling on Georges Bank. As a matter of fact, I think I made a statement not too long ago in the media that the Americans just announced they may open their side of Georges Bank. Just look at the map. If they're going to put rigs on Georges Bank it's only a couple of little breaths of wind if there was an accident.

Our position is, we're not opposed to the oil and gas industry but we want it done right. We want consultation and we want the best equipment to be used with the best techniques and the best resources to prevent the problems. God help us if it ever does happen but in the event that there ever was a mishap, we want the best response available to it. We don't want to wait two weeks for a stacking cap to come from Norway or somewhere. We would prefer that it was in Dartmouth, so things like that.

We actually - and I believe DFO might be doing work on it - instinctively to our members, putting chemical dispersants on an oil spill, you're adding chemicals to chemicals. I don't know the science, I really don't. Maybe that's the right thing to do but we'd like someone to explain it to us so we could understand if that's the right thing to do. Instinctively, we would probably like some kind of a mechanical type of cleanup.

Now if you are on the open ocean that's another issue. I guess our position on it is we're not necessarily opposed to it but we are pretty well opposed to it on Georges Bank, I can tell you that. But nobody is looking at Georges Bank in Canada so maybe it's a non-issue.

The proposal this year - I think British Petroleum are drilling one well in deepwater in 2018. Again, we'll watch, we'll keep an eye on it, and hopefully everything will go well - hope for the best and plan for the worst.

MR. BURKE: Even when I was a fisherman, I think the biggest concern we have in the industry is the Nova Scotia Offshore Petroleum Board is both a promoter and a regulator. That is something that needs to change. How can you sit there and promote the industry, the same industry that you're going to regulate as well? It doesn't make sense to me, as an average citizen. You can't be a promoter and a regulator; either one or the other. That needs to be separated. That's critical to allow industry to have better consultation on something but they're together with promotion. It's mind-boggling on that one.

MADAM CHAIRMAN: No questions from the Liberals? I'll ask for closing statements or any remarks you have to wrap up the meeting. Mr. Muise.

MR. MUISE: Basically, I just want to thank you folks for your attention. Osborne will probably make the offer, but if you guys want to repeat this in front of your caucuses, we would be more than happy to continue. As I said, working together works. That's our tag line. I guess I just made that offer. (Laughter) But he can repeat it.

As far as a closing statement, I'll say that there's no enemy within. We want to work with everybody. I really believe in my heart that we have a moral obligation to make the best out of what we have, which is a gift. We're not in Alberta. We weren't given the oil. We're not in the prairies. We weren't given the wheat. We were given the ocean because of where we sit, and it happens to be pretty rich.

I'll leave you with one thing that didn't come up today. I was waiting for one of you guys to talk about climate change. I was a denier. I'll be the first one to tell you. Thirty years ago when I was a fishery officer, I thought this was a bunch of foolishness when you're out on the end of a wharf freezing to death. Then I became a skeptic, and now I'm a firm believer. This is real.

Right now there are theories out there that climate change is what's driving all the lobsters north. Don't forget, they're a cold water thing. If that's true, and it continues, then everybody should move to Newfoundland because that's where everything's going. It's something we have to get our heads around.

I'll just say this as a comment - the Federation of Agriculture was given \$1 million in December to study the effects of climate change on dike lands and things of that nature. We were given nada. Somebody in some level of government - and I think the province is probably the right place - should take on that file and do a comprehensive review. Get your crystal ball or do something, and try to document what we can reasonably expect to be the effects of climate change on this industry in the years and decades to come. If you can convince a guy like me that climate change is real, then what can I tell you? It's something.

The storms since Christmas, for God's sake - I think we have had two hurricanes since Christmas, only we don't call them hurricanes in the wintertime, we just call them northeasters. This guy here can tell you - in L'Ardoise, I know there was significant damage and things. People just have to clean that mess up. The storms are getting better.

I guess that is where I would leave it - again, in your own groups, just encourage people to take up that file in a constructive manner. I don't mean climate change and get on and start yeah, yeah, yeah, we've got to stop doing everything.

Osborne brought up the right whales a little bit - the same thing. That was really disheartening to me. You guys all know what happened with those right whales. They showed up, nobody expected them. Unfortunately, I think it was 11 that didn't make it. All of a sudden, there's a crowd in the United States who want a ban on Nova Scotia snow crab because they're killing right whales up there. Come on, give me a break. Let us address the problem before you start pounding on us, all right? There was a crowd in England that published a paper - we want a ban on Canadian lobsters because of the bycatch of right whales in the lobster fishery. If you can jam a right whale into a lobster trap, you go right ahead and try it. (Laughter)

There's all of this misinformation out there. Somebody at some level has got to correct the record and say, look, yes, the federal government is going to take care of right whales. Calm down. It's not time for a boycott yet. Let's try to deal with it and all of these things.

I guess that's my rant. Thank you for allowing me to rant. It makes me feel better.

MADAM CHAIRMAN: It's across everywhere, that misinformation.

Is there anyone else? Mr. Cunningham.

MR. CUNNINGHAM: Quickly, the only thing I would like to say, and I keep bringing it up over and over - and maybe I'm sounding whiny - is I wish we were appreciated. We don't mind working. We don't need a spotlight. If we get the appreciation for what we do, "the love" if you want to call it that, that Iceland and Norway give to the fish industry instead of saying we're the bad guys, it means something, I believe, if Nova Scotia embraced fishery instead of calling us the bad guys.

MADAM CHAIRMAN: Mr. Burke, did you have anything?

MR. BURKE: I don't know if Bernard wants to . . .

[11:45 a.m.]

MR. MACLENNAN: No further comments. Just thank you for the opportunity.

MADAM CHAIRMAN: You're welcome. Mr. Burke.

MR. BURKE: Again, as President of the Seafood Alliance, we certainly appreciate the opportunity to come here, and as Leo made the offer, we're certainly a significant resource of information that at any time anyone has constituents calling and you're not really sure of some of the facts, pick up the phone. Leo is available, our website is there.

Leo mentioned climate change, and as I sit on a regional and on a national committee on fishing harbours, small craft harbours nationally and a federal, we're seeing significant impact in Nova Scotia by infilling, more costs on dredging, and infrastructure being significantly damaged by the intensity of the storms. Structures we're building now we're trying to build them two feet higher than they were before, because when you get a storm surge and the high tide, they're under water. It has real potential, and it is now affecting the fisheries operations in Nova Scotia because vessels need a port to tie up to and to leave from and land their product, so it is significantly happening.

Federally there are some studies being done. We have reduced ice cover because of climate change. When you don't have the ice, you get the full force of the storm on the infrastructure.

Federally, just for your information, on small craft harbours across Canada there's a \$75 million shortfall annually. That's what we're short, just to maintain the facilities we have. Most of these are little communities with fishing wharves. Hopefully the new federal budget will have some announcement towards that as well but there are challenges.

Other than that, we touched on a number of items, whether it be the rebate program, licensing. Licence policy review, you're sitting here from all Parties, that's under way. I encourage everybody, if you get harvesters who are calling because they're concerned that we're going to have limited entry or whatever, we're certainly open to anyone calling us.

Licensing policy has to change. There's a number of significant changes there that will benefit the industry and allow us to move forward. We all want to be successful, from the vessel until we deliver it in China or wherever. Thank you.

MADAM CHAIRMAN: Thank you for coming today and for your presentation and answering our questions. We will take a two-minute break to allow our witnesses to leave and then we will have a short business meeting.

[11:47 a.m. The committee recessed.]

[11:49 a.m. The committee reconvened.]

MADAM CHAIRMAN: Order. I ask members to take their seats for our business portion, very quickly.

We will start the business meeting. We have a House sitting coming up and we usually check in to see whether we will meet. We have a scheduled meeting for March 22<sup>nd</sup> and we do not know the duration of the coming sitting. Is there any discussion? Mr. Porter.

MR. PORTER: As always, we tend to have this discussion. I don't know why we haven't got it somehow fit into all committees as part of the process as we go along. I would move that during the sitting of the House, as per normal, that we don't hold committee and look forward to returning to committee once the House sitting is over.

MADAM CHAIRMAN: Is there a seconder for the motion? (Interruption) Okay, we don't need a seconder. Is there discussion?

Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is carried.

Mr. Porter.

MR. PORTER: Just because it's on my mind and I'll ask with the clerk sitting here, who has been here forever and is very knowledgeable, do we actually need a motion every time, Gordon, or is this just something that should be part of an agreement that we have amongst members or committees or something? Or is there a change we can make somewhere else so that every single committee - we go through this process every time in the Spring and in the Fall, this is a known thing, I mean it's a non-issue. Going forward, it might be nice to sort of clarify how this works, just to make it part of committee business.

MR. GORDON HEBB: It's up to each committee to decide. There's some committees that have to meet and there's some that have continued to meet. The Public Accounts Committee continues to meet, they meet on a weekly basis. Human Resources Committee has to meet once a month, at least, to deal with the ABCs. It's up to the committee to decide, unless the House were to decide otherwise, but it's up to each committee to make their own decision on this.

MR. PORTER: Thank you. So, in this committee, could the motion be that for the balance of this mandate, until the next election, that throughout the courses of Spring and Fall, when the House sits, so that we take care of it one time, the motion that I just made be amended to say, "between now and the next election" or whatever, that the committee does not meet during the House sittings?

MR. HEBB: Yes.

MR. PORTER: Madam Chairman, I would like to amend the motion that I just made, if I could, to take care of this one time only, in this particular committee, and I'll do that as I move forward in other committees perhaps, if given the chance, to make this throughout the duration of this mandate, as we go forward, until the next election.

MADAM CHAIRMAN: Okay. We need to make a new motion, not amend a motion.

MR. PORTER: I'll make a new motion to say the same thing, so a new motion that would ask that this committee agree, or whatever the wording needs to be, to not meet during the times when the House sits, Spring and Fall, as we make our way through this mandate so we don't have to come back every Spring and every Fall and go through this process. I'm sure it will make it much easier for the clerk and her staff as well, as we go through.

MADAM CHAIRMAN: Is there any discussion? I'll call for the question.

Would all those in favour of the motion please say Aye. Contrary minded, Nay.

The motion is carried. Thank you.

We are adjourned.

[The committee adjourned at 11:53 a.m.]