



House of Commons
CANADA

Standing Committee on Fisheries and Oceans

FOPO • NUMBER 012 • 2nd SESSION • 40th PARLIAMENT

EVIDENCE

Monday, March 30, 2009

Chair

Mr. Rodney Weston

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

Standing Committee on Fisheries and Oceans

Monday, March 30, 2009

● (0815)

[English]

The Chair (Mr. Rodney Weston (Saint John, CPC)): Good morning, everyone. We're ready to begin. I should officially rap the gavel to open the meeting. I'd like to thank everyone for coming this morning.

Perhaps we might just take a few moments before we begin to have a moment of silence to remember the one-year anniversary of the tragedy that took place on Saturday, March 28.

[A moment of silence observed]

The Chair: Thank you very much.

We're ready to begin this morning.

Once again, thank you very much for coming to meet with the fisheries committee this morning, and I apologize for being a little late getting started. There were circumstances that couldn't be helped, but we're here and we're very anxious to meet and to hear the issues pertaining to the lobster fishery in Îles-de-la-Madeleine.

Mr. Poirier, I believe you're going to do the speaking this morning on behalf of the association. Before you start your comments, perhaps you could introduce the others with you this morning and their role, and then if you want to proceed right into your presentation, that would be terrific.

Thank you.

[Translation]

Mr. Léonard Poirier (Director General, Association des pêcheurs propriétaires des Îles-de-la-Madeleine): Thank you very much and welcome to the Magdalen Islands. I especially want to thank you for giving us this opportunity to express the concerns of people in the lobster fishing industry and the community that depends on it.

Today, I am accompanied by the President of the Association des pêcheurs propriétaires des Îles-de-la-Madeleine, Mr. Mario Déraspe, as well as Mr. Christopher Clark. They will have a chance to answer your questions following my presentation.

It is possible that I will ask for your indulgence if my presentation goes over the 10 minutes allotted to me. We had very little time to prepare; we did not know whether you were going to be able to land.

Basically, we are going to be talking about biology, management and landings. Some of you are well acquainted with the lobster fishery. It is important that we all be on the same wavelength before

starting the questions. Of course, we will be talking about profitability and vision—the aspects of interest to you—in other words, what we can do to deal with the crisis currently affecting the industry. I have tabled some tables and graphs that deal specifically with the Magdalen Islands. I will not comment on them now, but during the discussion period, we can look at them in more detail.

In the Magdalen Islands, the lobster fishery is competitive. It operates by controlling the fishing effort. In the Magdalen Islands, just like everywhere else, concentrations of lobsters are found on the rocky seabed. In terms of biology, it is significant for us, here in the Magdalen Islands, that female lobsters reach sexual maturity when they are more than 79 mm long. In the Magdalen Islands, females reach maturity when they are 83 mm long.

The federal government has responsibility, as well as the necessary tools, to ensure conservation of the resource, particularly through management plans. However, the Magdalen Islands long benefited from delegation of fisheries administration to the province, but which was repatriated in 1983.

You undoubtedly know that, since the early 1980s, with the exception of the lobster fishery and the snow crab fishery, to a lesser extent, all the other fisheries have pretty well disappeared, whether we are talking about cod, herring, mackerel, redfish or any other species. We obtained five or six permits following the transfer of fisheries administration from the province to the federal government.

I would now like to address the question of stock conservation. At our request, the Fisheries Resource Conservation Council, or FRCC, looked at overfishing of lobster stocks. This may not often have been mentioned. Previously, the FRCC looked only at the cod fishery.

At the time, the FRCC was advocating egg production, lower exploitation rates and improvement of the stock structure. The FRCC's objective was to double egg production.

● (0820)

In the Magdalen Islands, we achieve this by increasing the legal minimum size. Between 1997 and 2003, we increased the legal minimum size from 77 to 83 mm. This allowed us to double egg production and meet the productivity goal set by the FRCC.

In Quebec, about 600 licences are issued. Of that number, 540 are fished, including 325 in the Magdalen Islands. That is an approximate figure. In Prince Edward Island, New Brunswick and Nova Scotia respectively, 1,300, 1,600 and 3,300 licences are issued. That gives you an idea of the number of licences per province.

You have met with officials from Fisheries and Oceans. Licences are granted based on lobster fishing areas, or LFAs. Each area has its own number, but some areas are much smaller than others. In the Magdalen Islands, we are lucky to have an area that fits with the biological pattern of the lobster, which is a relatively sedentary species. We never wanted to divide our area into sub-areas, as has been done in other regions, as it would make management extremely difficult. So, we have always avoided splitting up our area into different smaller areas where every fisher is “master in his own house”. That would cause problems in neighbouring areas. We want to keep our area intact.

Generally speaking, many of the management measures used here resemble those in other provinces, but some of them are peculiar to the Islands. Our season is nine weeks long from opening to closing. Specifically, there are six fishing days per week, from Monday to Saturday. The minimum size of a catch is 83 mm. In the past, the maximum number of traps was 300; it is now 288 and continues to fall.

Of course, we release any egg-bearing females that are caught, and large traps are prohibited, which is peculiar to the Magdalen Islands. It is mandatory for the traps to have an escape hatch for small lobsters and it is prohibited to haul and bait traps more than once a day. There is a minimum number of traps per trawl, as well as a maximum trawl length—which again, is peculiar to the Islands.

The fishing season begins in early May, when the ice has melted, and ends when the lobster moults in early July. The lobster size had already increased from 64 to 76 mm. As I said earlier, it was only from 1997 to 2003 that we increased it from 77 to 83 mm.

We abide by conservation plans, which are now implemented over a five-year period.

• (0825)

In the United States, the size is 3¼ inches, or 82.5 mm. In terms of the general status of the stocks, I mentioned earlier that we had doubled egg production. A ten-year plan has been put in place with a view to decreasing the fishing effort. It involves two phases, and we are currently in the fourth year of Phase 1. The number of traps was reduced from 300 to 288 in 2009, and we will continue to lower that number gradually. We will be removing three traps per year until Year 10.

As regards the catch, we operate the same way as everywhere else. We use traps and passive gear. Here it is an inland fishery only. As I explained, the traps are made out of wood or metal.

In terms of landings, you are surely aware that a little more than 50 per cent of lobster comes from the United States. It is called *homarus americanus*. Canadian lobster represents a little less than 50 per cent. In Canada, 50 per cent of the lobster comes from the Gulf and the other 50 per cent comes from outside the Gulf. That gives you a good overview. The table shows that Nova Scotia lands more lobster here. For Quebec, it is about 5 per cent of production, 70 per cent of which comes from the Magdalen Islands. So, for Magdalen Islands, we are talking about a production level that is normally about 4 per cent.

In terms of how our landings have evolved, you may want to have a quick look at the table. We reached a peak in the early 1990s. In

our view, we reached it too quickly. That was probably due to too rapid an increase in the fishing effort. There has been a decline in 1996, 1997 and 1998. That is when we really decided to bring the situation under control. Thanks to the steps advocated and defended by leaders of the Association, with the support of fishers, of course, and Fisheries and Oceans Canada, we were able to turn things around. Since then, we have seen a constant progression. We went from 4 million to 5.5 million pounds. That is a phenomenal increase. It is almost a 35 per cent increase. The important thing to know here is that, this time around, we moved slowly and gradually. This did not come about as a result of an increase in the fishing effort. On the contrary, we enforced the management plans and we controlled the fishing effort.

• (0830)

[English]

The Chair: Mr. Poirier, we're going to have to wrap up.

Thank you.

[Translation]

Mr. Léonard Poirier: The only difference is that we bring our product to market in May, whereas the other provinces start to do that a little earlier. In New Brunswick, it is two weeks earlier. They end their season in late June, whereas in our case, it is more like early July. In the United States, the peak period is from July to October. Those are the seasons.

I will conclude my presentation on that note. I am now ready to take your questions. As I said previously, they may deal specifically with the Magdalen Islands or the lobster industry in general. Thank you very much.

[English]

The Chair: Merci, Monsieur Poirier.

Mr. Byrne.

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): Thank you very much, Mr. Chair, and thank you to our witnesses, especially for the welcome you have provided us. And thanks to Mr. Blais, who, whenever he mentions a possibility of the Standing Committee on Fisheries and Oceans travelling to the Magdalen Islands, finds not much difficulty getting his colleagues to willingly and enthusiastically come on board. This is our second trip in about two years, isn't it, Mr. Blais? I'm delighted to be back again and to feel so welcome.

I'm going to share my time with Mr. MacAulay, but I have three questions I want to explore with you.

You mentioned the jurisdictional role between the federal and provincial governments, and you mentioned the pilot project, the jurisdictional devolution that occurred in the early 1980s in terms of fisheries management. Could you provide some clarity for the committee members as to whether you thought that situation was positive or negative?

In my conversations with fishers from the Gaspé area they weren't too enthusiastic about provincial control over fisheries management. It created some problems. Could you relay exactly how it impacted here in the Magdalen Islands?

My second question concerns the management measures put in place for area 22, the Magdalen Islands lobster fishery. Is this a closed fishery, in the sense that whatever you do in terms of conservation you see the benefits of? In other words, do you have any competitors or intrusions, so that sometimes your conservation efforts are not necessarily enjoyed by you? Is this a shared fishery? I guess that would be my question. Are you independent, in the sense that you see the consequences—positive or negative—independently of the measures that you put in place in this particular lobster fishing area?

Finally, one management technique that has not really been raised here yet is licence retirement. Do you see a value for the fleet you have here on the Magdalen Islands? Is there a need for licence retirement?

● (0835)

The Chair: Mr. Poirier.

[Translation]

Mr. Léonard Poirier: That is a broad question with three important parts to it.

With respect to jurisdiction, fisheries administration was transferred to the Province of Quebec early in the century. It was only in the 1940s that the transfer of fisheries administration from the Magdalen Islands to the Province of Quebec was finalized. Jurisdiction for Quebec as a whole was removed in 1983. As I pointed out, this was due to the fact that the Province of Quebec had no snow crab, unlike all the neighbouring provinces. In terms of proximity, which is the principle the federal government applies to resource sharing, the crab banks are closer to the Magdalen Islands—at least the largest ones that contain the best crab. The Bradelle bank, located very close to the Islands, had no crab. The province therefore decided to issue six crab fishing licences, upon which there was a general outcry, leading ultimately to the unilateral withdrawal of jurisdiction by the federal government, without the support of the Magdalen Islands, even though the member of Parliament at the time tried to secure the support of Islanders. So, that addresses your question regarding the federal role.

As I said, in the lobster fishing industry, we were lucky to have been managed for a long time by the province. Most of the measures were already in place when the federal government took control of the fisheries. I will not talk about the other fisheries; as I said earlier, it is a disaster. You could conduct a study of all the other fisheries, but today we are here to talk specifically about lobster. We were lucky to have a fishers' organization that was already well developed and well organized, and that had been solidly in place for many years. We intervened to support the federal government, at the local Fisheries and Oceans departmental office, which ultimately continued in the same vein. It was from that time on that we were able to develop our own models that are specific to the Magdalen Islands. That addresses your question about jurisdiction.

As regards LFA 22, as I mentioned, it had the good fortune not to be split up into smaller areas, as others were, because of turf wars and the like, or for all kinds of economic reasons that have absolutely nothing to do with the biology of lobster. We, however, always refused to do that and were able to work together to develop common measures. When everything is cut up in small pieces, one

person may agree to do something, but someone else in the neighbouring area does not agree. And yet, it is the same lobster. There are consequences for everyone. It is very difficult to operate under such a system. Here, however, we are lucky to have a single, undivided area.

I am not here to throw stones at the federal government—far from it. We have learned to work with it in the lobster industry, particularly at the local level. On the other hand, you are opening the door. Of course, most of our efforts are productive, because we have a good area. We are producing more larvae because of the increase in the legal minimum size, which is something that was not done in the other regions, especially the adjacent regions. We are pretty certain that our larvae are drifting to the north shore of Prince Edward Island. That is why we were very unhappy to see part of LFA 22 split off not long ago, without our receiving any kind of compensation. We know that lobster is a sedentary species, and that is very fortunate. Had it been a migratory species, I am not so sure that we would be as proud of our stocks as we certainly can be today.

● (0840)

Because it is a sedentary species, we were somewhat isolated; we were able to work on our own and achieve our own results. On the other hand, when, fairly recently and unilaterally, part of our fishing area was split off, we found that rather difficult to swallow, particularly since this kind of effort is not being made in some other areas.

In terms of licence buyback, known as rationalization, you have certainly heard of the Atlantic Alliance for Fisheries Renewal. As an organization of fishers from the Magdalen Islands, we are members of the Alliance des pêcheurs professionnels du Québec. Along with the Newfoundland Fishermen, Food and Allied Workers Union and the Maritime fishers, the union is a member of this alliance, which is calling for the implementation of a federal action plan. This organization's request relates primarily to rationalization—in other words, licence buyback.

Today, we are saying that, if a comprehensive assistance program is implemented by the federal government, we should not be limiting it to rationalization. Restructuring must involve more than just rationalization. It must also include equalization. That is what we are interested in, here in the Magdalen Islands. We have made rationalization efforts in the past, and they did not cost the federal government a cent. We are now making efforts to conserve the resource, in terms of the fishing effort. We are in the process of rationalizing our fishing effort through all kinds of means, including by decreasing the number of traps. There again, this is not costing the federal government one cent. As far as we are concerned, restructuring should include stabilization.

Thank you.

[English]

Hon. Lawrence MacAulay (Cardigan, Lib.): Thank you very much. We're pleased to be here.

There's no question that when you have a fisheries tour, Raynald is going to make sure you're in the Magdalen Islands, I can tell you that. It's great to be here.

We're both from varied provinces. I'm from Prince Edward Island. The lobster fishery in particular is a major issue for sure.

On these measures that you can only haul at certain times of the day, you were only allowed to haul once; you're only allowed to bait once. Was that done by you, by your own organization?

[Translation]

Mr. Léonard Poirier: In the Magdalen Islands, most of the measures taken were suggestions made by fishers. As I pointed out earlier, it is important for association leaders to be convinced and for them to convince their colleagues. There is a special situation in the lobster industry. You already know this, because there are lobster fishers in all of your communities. The fishers really have to feel a sense of ownership and be convinced that the measures are necessary. And, the people in the best position to convince them of that are fishers themselves, like the people sitting next to me. These people are believers. That is the way we operate.

[English]

Hon. Lawrence MacAulay: I guess I'm done. Thank you.

The Chair: Mr. Blais.

[Translation]

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

Good morning to all of you. I would like you to talk about the tables you provided earlier which deal with the current situation. As I see it, they speak for themselves. I clearly remember that, last year, you drew the attention of politicians, departmental officials and people in the Magdalen Islands, in particular, to increased expenses. We are talking about an increase in terms of what is collected, but also a number of factors that affect the current situation, whether it is the Canadian dollar, the American market or the current recession, which is causing major problems in the United States. Also, we see that there is a very significant increase in expenses. As a result, profit margins are shrinking. Things are so bad that one wonders about the sustainability, not of the resource, but of the fleet in general. I would be interested in hearing your comments on increased expenses and on what the federal government could do in that respect.

● (0845)

Mr. Léonard Poirier: You are absolutely right, Mr. Blais. The graph speaks for itself. There is an almost linear progression in terms of the increase in lobster fishing enterprises. The graph illustrating gross and net revenues leads to an inescapable conclusion. Starting in the year 2000, one has the sense that any increase in gross revenues went into covering expenses. In terms of expenses, I will let Mario and Christopher say a few words about the ones that particularly affect them.

Mr. Mario Déraspe (President, Association des pêcheurs propriétaires des Îles-de-la-Madeleine): Good morning, gentlemen. I am very pleased to be here today.

In his presentation and in answer to questions, Mr. Poirier said that fishers in the Magdalen Islands have no reason to be ashamed coming before you today, given their record with respect to the resource. With the FRCC, we have been to all the regions. We are a role model and that is very much to our credit.

As you said, Mr. Blais, over the years, profitability was good, but in 2008, the markets collapsed. A fisher's revenue is calculated on the basis of the resource and market prices. We can control the resource through certain measures, but we cannot control the market. Prices have declined. Last year, we lost more than \$1 per pound. Since profit margins were low, that really hurt. As well, expenses are on the rise. If the price goes down and expenses go up, we will be in trouble. That is what happened in 2008.

What will happen in 2009? We do not know. We are just about to put our traps in the water. As a former president once said, we don't know whether it is bankruptcy that we are heading for when we go to sea. We do not know what prices will be like and we do not know what will happen in one month's time.

What can the federal government do? Well, it definitely has a major responsibility with respect to costs. For example, over the years, the cost of a licence went from \$35 to \$750, just for the lobster fishery. The cost of some other licences is also exorbitant.

In our opinion, in order to help resolve the problems we experienced last year, the licence cost could be lowered. A moratorium could be declared, which would help the fishers. We have never asked for direct subsidies from either the provincial or federal government. This year, we are asking them to help us out, either in the form of temporary relief or a moratorium, so that the market recover.

A global crisis is underway, and the fishing industry is not the only one to be in trouble. We see that on television. Consider the case of the auto industry, which is asking for billions of dollars. That is not what we are asking for. We want some assistance to help us through the crisis. The resource is there, and when the market recovers, we will be able to carry on as we did previously, without bothering anyone.

Let us move on now to the cost of licences and vessel insurance. Previously, the federal government had a free program. Could there be some relief provided there? The cost of bait is very high. We have to pay for bait, staff and fuel. Those are significant expenses. It is in that area that we are asking for some help. The federal and provincial governments must do their share. For their part, fishers have to adjust their expenses, but they can only do so much of that, given that they have to continue to operate.

Thank you.

● (0850)

[English]

The Chair: Thank you.

Mr. Stoffer.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Thank you, Mr. Chairman.

Merci beaucoup.

It's good to be in Mr. Blais' riding once again.

Sir, you had indicated that you've doubled the egg production of your lobsters, and you should be congratulated for that. Was that done as a result of v-notching the female lobsters, or are there other methods that you followed in order to double it up?

[Translation]

Mr. Léonard Poirier: In terms of egg production, it is only the increase in the legal minimum size.

[English]

Mr. Peter Stoffer: Do you v-notch at all on the island?

[Translation]

Mr. Léonard Poirier: No, it can be an appropriate measure but, in terms of numbers and efficiency, it really is of fairly limited significance. I am not saying it is negative, but it is not a highly effective measure, compared to increasing the legal minimum size.

[English]

Mr. Peter Stoffer: Okay. How many lobster buyers are there on Îles-de-la-Madeleine? How many different buyers are there?

[Translation]

Mr. Léonard Poirier: There were 12 buyers in the early 1990s. Starting in year 2000, there were only nine left. At the present time, we are talking about six to ten potential buyers.

[English]

Mr. Peter Stoffer: Are most of your lobsters headed for the United States?

[Translation]

Mr. Léonard Poirier: No, part of the production goes to the United States and part stays on the Quebec market, primarily in Montreal.

[English]

Mr. Peter Stoffer: Sir, as you know, there is a problem with the explosion in the rise of green crabs off the east coast. Are green crabs having an effect here in the Îles-de-la-Madeleine area?

[Translation]

Mr. Léonard Poirier: Right now, that is not a problem here in the Magdalen Islands. There are some, but it is not an epidemic. We have taken a great many steps to raise awareness among people coming in, including tourists or others who arrive by boat—in sailboats, for example. We are very proactive. For example, we wash fishing boats that travel into other areas. We have educated fishers about the need to wash their boats. So, thus far, it has not been a problem.

[English]

Mr. Peter Stoffer: Sir, this is my last question, and I thank you for the answers to the previous ones.

We've heard a concern about enforcement on the water, either in cooperation with DFO and the people there or some organizations prefer to self-regulate in terms of catching the cheaters out there. How is your cooperation with DFO when it comes to enforcement? Do you rely more on your own association to enforce the rules out on the water?

• (0855)

[Translation]

Mr. Léonard Poirier: In that respect, this is indeed a role the federal government plays in Quebec. And, it is something we follow closely. I was saying earlier that there had been failures in the management system, but in Quebec, the federal surveillance system

is effective for Quebeckers. I don't know whether it is as effective in the other provinces, but here, it is. Also, there is cooperation with fishers. This may also exist in the other provinces, but here there is a confidential phone line that people can call to blow the whistle on poachers. Because this is a small community, it is important to have that confidential phone line. We have also been educating fishers so that they will use that phone line to blow the whistle on colleagues. As well, the federal government has been engaged in an awareness campaign in the primary schools. We are making our children aware, from a very young age, of the need to avoid poaching, to behave responsibly, and so on. As far as that goes, I have to commend the federal government.

[English]

Mr. Peter Stoffer: Thank you.

The Chair: Thank you, Mr. Stoffer.

Mr. Kamp.

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

It's always a pleasure to be on Îles-de-la-Madeleine. It's great to be back here. I understand that in addition to being good at lobster fishing, you are good at badminton. I heard one of your teams did well over the weekend in Gaspé.

I want to follow up a little bit more. You mentioned in your comments that you had doubled your egg production, which was one of the goals that the FRCC had recommended in their 1995 report. You said you did that by increasing the minimum size. In addition to doubling the egg production, do you think you have met the FRCC recommendation that 50% of the female lobsters be allowed to mature before becoming available to the fishery? I think there are maybe two different measurements there, but do you think that is the case here in LFA 22?

[Translation]

Mr. Léonard Poirier: According to Fisheries and Oceans' scientific assessment models, we doubled egg production by increasing the legal minimum size, which is normal. I explained at the outset that females reach sexual maturity when their shell reaches a certain length. Our lobster did reach that length, but lobster in many regions around the Magdalen Islands did not. That is the first thing that has to be done if we want to conserve the resource.

That is unacceptable. We can introduce all kinds of measures—for example, v-notching, which I referred to earlier and which does have some effect—but the fact is that these measures have too little impact, compared to legal minimum size. The federal government and fishers in the other provinces must take their responsibilities: lobsters have to be allowed to get bigger—in other words, reach the size associated with sexual maturity.

The FRCC then comes along and talks to fishers in the Islands about the fishing effort, which applies to an even greater extent everywhere else, where it is even worse. Once you have dealt with egg production, you start to work on the fishing effort. Fishing effort is a danger, but in the other provinces, it has emerged as an issue because of financial problems and the current crisis. That is what rationalization is all about.

We have rationalized our activities, not because of crises, but because of the need to protect the resource. It is time to refocus the debate on protecting lobster resources, in terms of both their size and the fishing effort, which will free up markets and address financial problems.

• (0900)

[English]

Mr. Randy Kamp: With respect to the minimum size, does it affect you here in LFA 22 when an adjoining LFA, off P.E.I., let's say, has a smaller minimum size?

[Translation]

Mr. Léonard Poirier: Of course, the impact is felt primarily on markets; however, in our case, it is the reverse. Our lobsters are more productive because their larvae drift to and enrich the northern part of Prince Edward Island, which leads people to believe that the resource is in better shape than they thought. However, that must not prevent them from talking their own responsibilities. Measures have to be based on the biological pattern in their own fishing area.

[English]

Mr. Randy Kamp: Thank you.

On a different topic, I'm curious about the fact that there isn't a very good measure of stock size or biomass estimates, and I think everyone agrees. It would seem difficult to manage the fishery when you don't know how many fish are out there or, in this case, how many lobsters are out there. We only make estimates based on landings, largely, and the calculations from the cost of unit, effort, and so on.

Do you agree with the FRCC's conclusion that the current system of input controls is not capable of controlling the increase in exploitation rate? Obviously, those two things are connected. You said earlier in your comments that you do well at input controls, but is that enough? Do we need to do more, both in measuring the stock and in considering other ways to control the exploitation rate?

[Translation]

Mr. Léonard Poirier: I don't know whether this is the case in the other provinces, but here, there are very good assessments in terms of landings. Thanks to diving surveys and trawling, scientists have a good idea of what is on the seabed. We know what is going on. That may be open to debate, but I do believe that scientists have a good idea of the amount of lobster or lobster biomass that is there.

The wide variety of tools we have enables us to exercise complete control. In an equation, certain variables will have much more weight than others, in percentage terms. The final variables then become negligible. Even if you add more, they are negligible. The idea is to find the right ones—the ones that will carry weight within the system.

Indirectly, if you are thinking of something like the enterprise allocation system for a fishery like the lobster fishery, the answer is no. And the reason it is no is that the enterprise allocation system is used where there are huge or significant volumes per enterprise unit. That does not apply when the resource is spread over a large number of enterprises, in which case we are better off using the current system. You cannot maximize returns with an enterprise allocation system that is spread over a large number of enterprises. Just consider the fact that, to this day, that system only operates for midshore fishers in Nova Scotia. This is not a system that should be considered at this time for the lobster fishery. There is no absolute proof that this system would be a great deal better in terms of controlling the fishing effort.

• (0905)

[English]

Mr. Randy Kamp: Finally, I have a very quick question.

Have you done anything with MSC certification in this region yet? Do you think if that were to happen it would affect or maybe improve the price of lobster?

[Translation]

Mr. Léonard Poirier: I believe we should be wary of solutions that people claim will save the industry. There are passing fads and we should be wary of them. At a given point in time, everyone starts using certain terms. When they go out of fashion, people invent new ones. This time, there is talk of an organization. Our position is that a great deal of lobbying is underway around this brand. In some fisheries—for example, the shrimp fishery—they have no choice. Shrimp is very often sold in Europe; that is already a reality in Europe—the lobbyists have done their job over there. It is a little like the lobby to ban the seal hunt: it is difficult to turn things around. I can understand that. If you want to sell your shrimp, you have to be in there.

In the lobster industry, right now it is just a matter of seeing who will be the first one to try and take advantage of this supposed saviour. The first guy to do it may benefit, but when everyone else jumps on the bandwagon, the benefit will be gone. The only result will be additional expenses for fishing enterprises.

We have major concerns. At this time, all the assessments needed to meet MSC standards are carried out by Fisheries and Oceans Canada. I am not talking about the \$200,000 you have to pay just to be involved in the process. I am talking about everything that is required to meet the standards on an ongoing basis, in the third, fourth, fifth, sixth and seventh year. Right now, all of that is defrayed by Fisheries and Oceans. But, what will happen if there is an increasing movement towards government or other kinds of rationalization? We have talked about how many programs were paid for by the federal government. And there is also the matter of insurance. They have kept bait services in Newfoundland under the Constitution, but elsewhere it has been lost. Will we also lose these assessments one day, assessments that we will then have to pay for ourselves?

There is a need to exercise caution in relation to these fads. We were the first ones to introduce conservation measures, but in terms of the lobby, we are no longer involved.

[English]

The Chair: Mr. MacAulay.

Hon. Lawrence MacAulay: Thank you very much. I apologize, I just stepped back into the room. We were discussing the total allowable catch per boat for the lobster fishery. Would this be something that you would be considering here as promoting? Would the fishermen support that?

Mr. Christopher Clark (Association of Inshore Fishermen of the Magdalen Islands): I don't believe they would in my area.

● (0910)

Hon. Lawrence MacAulay: Mr. Clark, if you're going to say a few words, I'd like you to elaborate on the costs you have inherited over the last number of years, how you feel that is affecting the fishery, and what measures you feel should be taken to make it... Could you respond, looking at what's taking place in the price of fish that you sell and the costs that have been put on you over the last number of years?

Mr. Christopher Clark: First of all, I'm here representing the Association of Inshore Fishermen. We have 80-odd members and 320 licences here on the islands. In our community we also have a fishermen's cooperative that has been important in maintaining a competitive price here on the islands. We have 76 members of the cooperative. Again this spring, there's a new initiative by AQIP, for example, to try to control the price of lobsters here. They want to establish a maximum price again, and we're not in favour of that obviously. Whatever return we have goes back to members of the cooperative in our buying.

Hon. Lawrence MacAulay: Excuse me, but you've also had a decrease in your return over the last number of years. You are telling me they want to create a maximum price. Have they indicated publicly that they want to do this? I have lived amongst fishermen all my life and I know there is a fair suspicion that the price has been somewhat played with, for lack of a better term. Are you telling me that they're openly saying it here that they want to have a maximum price?

Mr. Christopher Clark: This is a negotiation between the buyers' association and the government, of course. It's not an openly public discussion right now.

In terms of the profitability of the fishery you were asking about, over the last two years we've seen an approximately \$2-a-pound decrease each year in the price of lobsters. With the recession it became evident last fall that it's possible we could see another decrease this year. At the same time we've seen increasing costs of operating our boats.

Leonard mentioned the increase in the landings here on the islands. The landings were at a high in the early 1990s, and when the fishermen got bigger boats, new gear, a lot of fishermen used double-end traps at that time. That was why there was a ban afterwards on the double-end traps as part of the conservation measures. We were able to rebound somewhat with the landings, but the profitability has been decreasing over probably the last five years of the lobster fishery. It's something that concerns us a lot.

It was mentioned that we have a high cost for licensing, \$750 a year here; I've heard that it's the second highest in Canada. So we find that onerous.

The price of fuel was mentioned before. There are still a lot of taxes built into that cost, and we feel that if the taxes were eliminated from that cost it might be something that would help the fishermen.

Hon. Lawrence MacAulay: The chair is very tolerant; he'll give all of us a month of time.

Voices: Oh, oh!

● (0915)

The Chair: Mr. MacAulay, you had one brief point.

Hon. Lawrence MacAulay: All of us are here because there was some talk of the stock that's in place. Then we will hear, possibly after a week or so, that there's not so much stock in the freezers. It's supply and demand that we're dealing with here. If somebody wants it, then they're going to pay for it. What we want to be sure of, and what I think is important, is that there are no reasons being used to have a lower price. We want to make sure you receive the top dollar. Everybody on this committee wants to make sure that happens, and it's one of the things we want to find out as best we can, and to make sure the truth is known that you are providing the supply to meet the demand and that if the lobsters are needed....

Mr. Poirier, you wanted to add something. I'm sure the chair will let you do it.

The Chair: Mr. Poirier.

[Translation]

Mr. Léonard Poirier: I would like to make a comment in response to what you said. In 25 years, I have noted just how totally disorganized the industry is. In Canada, the lobster industry is one of the most disorganized. If this industry was organized along the same lines as the dairy industry, it would have a huge amount of power. For the time being, it is every man for himself, from the wharf to the consumer. That was obvious when we recently attended meetings that an organization called the Lobster Roundtable has been attempting to organize; that roundtable came out of the Seafood Products Roundtable. They are related to the Value Chain Roundtables set up by Agriculture and Agri-Food Canada. So, that is one initiative. There is total disorganization, and in my opinion, it will be impossible to organize anything only from within. I don't want to be pessimistic.

If I had one suggestion to make, it would be to try and merge agriculture and fisheries in order to build on these three forms of capital: food products capital, meaning sea and land; human capital, meaning fishers and farmers; and, income security capital, meaning all the support programs that are already in place. If that is too cumbersome, the Coast Guard could be split off and possibly brought under National Defence. Another idea would be to take away the port infrastructure and possible transfer responsibility for that to Public Works. There is a need to bring human capital and food products closer together. That is what needs to be done. A department was set up to look after the wharves, but no similar department was set up to deal with the products. Instead of focussing on conservation, we are focussing on other things. If we don't, talking may end up being the only thing left for us to do.

Thank you.

[English]

The Chair: Thank you.

Monsieur Lévesque.

[Translation]

Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Mr. Poirier, you amaze me.

Mr. Léonard Poirier: Do you want solutions?

Mr. Yvon Lévesque: That is great. At one point, the Bloc was accused of complaining but never bringing forward solutions. I would not like to see fishers being accused of the same thing.

Earlier, you talked about a minimum number of traps and a maximum trawl lengths. Are you talking about a maximum trawl length of 56 meters with no more than eight traps?

Mr. Mario Déraspe: If you don't mind, I would like to answer that question. It may seem innocuous, but it is an action that was very important in decreasing the fishing effort.

In my opinion, that action and reducing the size of traps are the two main measures aimed at reducing the fishing effort. It is important to understand that previously, every fisher had complete freedom. Some fishers even had 75 four-trap trawls. It is important to understand that when you have more trawls, you have fewer traps, but you also cover more ground. That was brought down to a minimum of seven traps per trawl. In addition, we imposed a maximum distance of eight fathoms, or 48 feet, between traps, and total trawl length is not to exceed 56 fathoms.

• (0920)

Mr. Yvon Lévesque: Is that specific to this fishing area or does it apply to all of them?

Mr. Mario Déraspe: It does not apply anywhere. In certain regions, they may even have one trap per buoy. Those measures apply only to this fishing area, LFA 22.

I would like to emphasize one point. Mr. Poirier has mentioned it twice, but it is important. In other areas, notably in the Gaspé Peninsula, there are a lot of mini fishing areas. There are risks associated with that. If one area wants to do something and the other one does not, that has consequences for the other fishers, because it is the same lobster. That is why it is difficult to come to an agreement.

Here in LFA 22, we are privileged. Around the island, the species is sedentary. Again, we are 325 fishers to have the privilege of harvesting the resource. Some people call that a licence, but in reality, it is a privilege that the Canadian government grants to fishers. However, that privilege comes with the responsibility to conserve the resource and keep it healthy for future fishers. Indeed, that is a principle we have always defended, and the associations have educated the fishers in that regard. A nice big word was invented to describe it: sustainability. I can assure you that my father and grandfather knew full well that there had to be some lobster left in the water if I was going to fish one day. That principle is very deeply entrenched not only in my beliefs and my way of life, but in those of a generation, of another time. We have placed considerable importance on these measures.

It is not always easy, but all the fishers in the small villages, in the different regions, speak the same language and can talk to one another. If you want to fish and want your children to be able to fish one day, you have to be careful and protect the resource. That is very much the mentality here in the Islands.

Mr. Yvon Lévesque: I could listen to you talk all day long, Mr. Déraspe; I know you have a lot of things to tell us, but I have to interrupt you. Since I only have one minute left, I will ask my two questions one after the other.

Mr. Poirier talked about the fact that Quebec had control previously and the transfer of jurisdiction to the federal government. To some extent, that seems to have adversely affected efforts made to extend the controls that you had in place here. At the time when Quebec had jurisdiction, did you have more power than you do now? That is my first question.

My second question has to do with costs. Have you come up with or proposed a mechanism to the government whereby you could to be compensated for your increased costs—even a recurring solution that could apply in the current circumstances?

Mr. Léonard Poirier: In answer to your first question, I pointed out earlier that, for the other species, repatriation had been more harmful than anything else. As regards the lobster fishery, I will just reiterate that, because it is a sedentary species, we have been able to work in a satisfactory manner with the Department of Fisheries and Oceans at the local level. In that regard, it was not harmful to the lobster fishery, but that is due in large part to the efforts of leaders and the fishers themselves.

The other question which I feel is important is your second one, relating to costs. When the crisis occurred in 1990, we went knocking on doors at the federal level but never received any assistance. The only one who came to the aid of fishers during the 1990 crisis, which looked a great deal like the current one, was the provincial government, which provided *ad hoc* assistance, given that there was no income security program in place such as the one for farmers, either at the provincial or federal level. It is a well-known fact that the federal government participates by transferring funds to the provinces for them to implement income security programs—something that does not exist for the fisheries—with the exception, of course, of the Employment Insurance Program. But that is something else; we could debate its advantages and disadvantages.

What I want to say is simply that, as long as the two departments—Agriculture and Agri-Food Canada and Fisheries and Oceans Canada—do not work more closely together to better position the people involved, the only option will be to rely on subsidies. There is a major problem right now. You are there, and you make much of the subsidies distributed to the communities, but there is a major problem with the distribution channel. That, too, has to be corrected; you have a role to play in that regard. There is no escaping it: everyone has a role. You need to take the time to act.

The last program to be introduced went through the Economic Development Agency of Canada. I will tell you what happened in Quebec. It was transferred to the Ministère du Développement économique et de l'Innovation. The same thing must have been done in the other provinces. From there, it went to the socio-economic organizations. Finally, the forestry sector benefited. Because we are disorganized, the fisheries received zero money. Some say that there is still \$1 billion available, including some \$200 or so million for Quebec. In that regard, if we are decide to operate that way, we may as well use the same channel as in the past—in other words, have the government transfer the money to its own department, Fisheries and Oceans, which would then transfer the funds directly to the industry. We are not interested in seeing our money get lost in all kinds of organizations where we are not represented, because of our lack of organization. If you want to help us, that's great. If not, what do you want?

As Mario said, his father knew this and we do as well: we know that we have to take measures. The biggest impact is financial. You have transferred funds to all the other industries.

• (0925)

[English]

The Chair: Could you wrap up, please?

[Translation]

Mr. Léonard Poirier: Do what you can to ensure that the little money set aside for the fisheries actually gets into the fishers' hand. Otherwise...

Thank you.

[English]

The Chair: Thank you.

Mr. Stoffer.

Mr. Peter Stoffer: Thank you, Mr. Chairman.

Gentlemen, in 2000 I went around Atlantic Canada and asked lobster fishermen, in writing and in person, if something like a lobster marketing board would be something they would entertain. At that time, the vast majority of lobster fishermen and their families said absolutely no way; they wanted nothing to do with supply management and they liked the competitive industry they were in then.

I can't help but notice that in parts of Nova Scotia, in the media, fishermen are getting together to talk about the idea of lobster marketing boards, like a supply management system, similar to what we have in the dairy industry.

Of course, one of the challenges with supply management is that whereas we know in the dairy industry how many cows there are and how much they're producing and on what farms and everything else, in the lobster industry, as my colleague, Mr. Kamp said, we don't have an idea of what the biomass is or how many lobsters are out there. That may be a bit of a challenge.

Is supply management of the lobster industry or a lobster marketing board something you would be interested in looking at?

[Translation]

Mr. Léonard Poirier: If every province does its own thing, that is fine, because this is not an area of federal jurisdiction; however, at the federal level, there are certain prerequisites. First of all, the departments concerned must be merged—in other words, Agriculture and Agri-Food Canada and Fisheries and Oceans Canada. Otherwise, we will continue to be part of a department where there is an organized lobby. Fishers do not stand a chance against the Fisheries Council on Fisheries. A simple structure, like the Fisheries Roundtable that I referred to earlier, is controlled solely by that council, and fishers are not welcome there. At the very least, these organizations need to be strengthened. Otherwise, at the pan-Canadian level, I see no point in having them.

There are two aspects to this: supply management—such as in the dairy industry—and price negotiation. We do not have to opt for supply management, which would be increasingly challenged. When you introduce supply management, you have to know the volumes that are involved, and so forth. Fishers could follow Quebec's lead: set up a marketing board and do nothing more—and this is already quite a lot—than negotiate prices, to ensure that prices are adequate. That does not mean a price that jeopardizes the enterprises; it means an adequate price.

With the Union des producteurs agricoles, the agricultural industry is very well organized in Quebec. Our fishers' association cannot even afford to pay for one permanent employee. There is simply no comparison to the Fisheries Council of Canada lobby. We cannot even make representations in Ottawa on behalf of the fishing industry. We were offered money for staff, but we do not have the right to make representations on behalf of the fishers. We can only provide training to them.

So, where is the fishers' lobby to counter these other lobbyists?

• (0930)

[English]

Mr. Peter Stoffer: Mr. Chairman, maybe it was the translation, but I heard Mr. Poirier say there were no fishermen on the FRCC. I just want to let you know that we met with the FRCC and two of them admitted that they were fishermen. I just want to verify that.

[Translation]

Mr. Léonard Poirier: I am not talking about the FRCC; rather, I am talking about the council that represents the industrial fish processors in Canada.

[English]

Mr. Peter Stoffer: Okay. Thank you very much.

Sir, what is the total cost of an enterprise right here, including the boat, the traps, and everything? What is the total cost with the licence and all that? I just want to do a comparison as to what it would be in, say, Southwest Nova, Prince Edward Island, or New Brunswick. If a person wanted to get into it with a boat, the licence, the gear, etc., what would be the average cost on the Magdalen Islands?

[Translation]

Mr. Léonard Poirier: The cost of an enterprise has gone from \$25,000 in 1983 to \$300,000, some 25 years later.

[English]

Mr. Peter Stoffer: I do agree with you. Although I would disagree that you would move Agriculture and Fisheries and Oceans together, I would agree that the coast guard should go to Transport and that maybe the aquaculture department could go to Agriculture and Agri-Food. To move the two departments together, as you have indicated, I think would be quite a challenge down the road. But I thank you for that.

The Chair: Thank you.

Mr. Calkins.

Mr. Blaine Calkins (Wetaskiwin, CPC): Thank you, Chair.

I have a question, Mr. Poirier. In your notes, the one thing that stuck out in my mind was that you said that stability is very important to fishermen. You're talking about economic stability when you say that, about having predictable revenues coming in. I'm looking at graph 4, which shows the net revenues for the enterprise. If we go back, from 2002 to 2006, things look not too bad.

Then you started to talk about agriculture. I'm an Albertan. You're talking about wanting to merge Agriculture and Fisheries so that you can have access to some of the income stabilization programs. I can tell you, sir, that I don't know of anybody who phones my office to say, "I am getting too much money from the agricultural support programs." I'm going to caution you to be careful what you wish for.

However, there is one program that was gone for a while, called NISA, the net income stabilization account. It went away, and recently we put a similar type of program in place. It's called the AgriInvest account. What this account actually allows farmers to do is take some money away in a tax deferred account in good years so that in a bad year, or in a year when revenues are down, the farmer can draw down on that account to pay the taxes. That helps stabilize the farmer's income.

Is there any access to a program like that for fishermen?

● (0935)

[Translation]

Mr. Léonard Poirier: No, unfortunately. It may seem like an innovative idea in the static environment of the fisheries, but the fact remains that in some countries, these two departments have been merged. It has also been done in some of the provinces—for example, Prince Edward Island and Quebec. In Quebec, fisheries and agriculture have been brought under one roof. Things have improved, but the financial integration has not been completed. At this time, we do not have access to any kind of stabilization program. And, as you know, federal participation is a must. As a general rule, when the provinces introduce programs, federal participation is required. That is when they shut the door on us—at least, that is the province's convenient excuse for shutting the door. It is connected to the fact that the industry is poorly defined.

[English]

Mr. Blaine Calkins: Okay.

Mr. Allen has a few questions.

[Translation]

Mr. Mike Allen (Tobique—Mactaquac, CPC): Thank you very much. I am very pleased to be here today. This is my first visit to the Magdalen Islands.

[English]

It's great to be here in your riding, Mr. Blais. Thank you very much.

I have a couple of questions I'd like to ask. The first is about the buyback program and the self-rationalization of the fishing fleet through the buyback program. Mr. Poirier, can you talk about that? Did that start in 2006 or thereabouts? Just exactly what were the mechanics of that buyback, and how did that work among the fishermen?

[Translation]

Mr. Léonard Poirier: I am not an expert on buyback and rationalization programs. We have always been in favour of keeping our boats. In a way, we have already carried out some rationalization, but not through these programs. We did not receive funding that way. In any case, there were failures. A number of programs were delivered. The last one seemed to please some people, but was not as effective as expected. They thought it would be possible to remove more boats. I should point out, however, that the program was not aimed specifically at the lobster fishery. The objective was primarily to buy back licences for groundfish, at least in Quebec. The effects were not as positive as was hoped, but some boats were removed. The fact is there were complications. There was a licence buyback program for groundfish and a temporary allocations program for snow crab. Initially, the latter program was introduced with a view to establishing a stabilization fund. We were among the first to develop such a project.

The infamous allocation program for crab was diverted over time, supposedly to help groundfish fishing fleets that were in difficulty in Quebec. When the time came to introduce the licence buyback program, given that ongoing allocations had been promised for the crab fishery, fishers did not want to withdraw for only a few thousand dollars, even if it was from the federal government. It is the chicken-and-egg problem. For the most part, people preferred to remain in the system and receive snow crab allocations which were originally to be used for stabilization. But the idea was not to stabilize people whose economic activity simply could not continue. Indeed, as Mr. Deraspe pointed out, a financial assistance program should allow people going through difficult times to get back on their feet and keep going. We are not talking about assistance for life; it isn't forever. When prices drop and these enterprises receive assistance to help them come through the crisis, that is understandable, but again, the resource has to be there when the markets and the enterprises start up again. In the opposite case, if there is a resource problem, I can understand the need to withdraw... That is why things have become complicated. We have to ensure that these problems do not recur. If there are to be buyback programs, they must be effective, so that people will really be interested in responding to the offers.

● (0940)

[English]

The Chair: Thank you very much.

That concludes our time.

I'd like at this time to thank you very much, on behalf of the committee, for coming this morning and providing us with the advice you've brought forward.

Once again, thank you. *Merci*.

We will take a couple of minutes for a health break for the committee members while we change over to our next witnesses.

• _____ (Pause) _____

•

• (0950)

The Chair: We'll begin.

One point I wanted to make before, and I apologize for not making this point to the previous group—Mr. Blais, maybe you could pass it along to them—is that the proceedings today are recorded. If you would like to receive a transcript of today's hearings in the future, you can receive it by contacting the clerk. It's just for future reference.

We have with us today representatives from Madelimer.

Mr. Chevarie, I will let you open. If you want to introduce your colleague, the floor is yours.

[*Translation*]

Mr. Jacques Chevarie (Director General, Cap sur Mer): Good morning everyone. My name is Jacques Chevarie and I am the President of Cap sur Mer. There have been changes recently. The company has three processing plants, in Grande-Entrée, Havre-aux-Maisons and Gros Cap. Sitting next to me is Marc Gallant.

Mr. Marc Gallant (Chief Financial Officer, Cap sur Mer): Good morning everyone. My name is Marc Gallant and I am the Chief Financial Officer for Cap sur Mer.

Mr. Jacques Chevarie: We are somewhat ill-prepared because we were only advised last week that we would be appearing. We have plenty of expertise with respect to processing, purchasing and selling lobster, but we have not prepared anything. The group that came before us said pretty well everything that had to be said about conservation. It is a very good example of what is being done. Indeed, it is one of the only species I know of to have been managed by fishers and scientists working together, and Fisheries and Oceans has been a close collaborator; that is very much to its credit. It is pretty much the only species left around the Magdalen Islands, because the others have pretty much disappeared: groundfish, pelagic fish, etc. And fishers did not have much to say about that, it should be noted. They have made a great effort and that is very much to their credit.

In terms of the lobster fishery in the Magdalen Islands, year after year, we work with approximately 5 million pounds. That has been quite steady for many years. Of course, the fishing season is not very long. Unlike in the other provinces, we do not have much crab either. Approximately 1 million or 1.3 million pounds of crab belong to the Magdalen Islands. That would be with the allocations; it is not only a permanent quota. And, in terms of the resource itself, there is a constant decline.

What we would like to do is look at the expenses we incur in the Magdalen Islands, compared to the other provinces. Even though we are in the midst of a crisis which is worsening, we are islanders, meaning that we have two islands to cross if we want to get out: the Magdalen Islands and Prince Edward Island. People on PEI find this to be an expense, but we are even further away. So, that is the issue I would like to look at more closely with you. I am available to take your questions.

However, I am going to ask Marc if he wants to add something.

Mr. Marc Gallant: I would just like to give you a quick overview of our enterprise. We process several species, especially lobster, and particularly lobster from the Magdalen Islands. We are currently merging two enterprises in the Magdalen Islands, Les Pêcheries Gros Cap and Madelimer. As Mr. Chevarie was saying earlier, our new company name will be *Cap sur Mer*. The main reason we are merging is to lower our costs and increase the volumes we can process in our plants. The problem we face is the same one many people are faced with—increased expenses and, for several years now, the disappearance of fairly good processing volumes we used to be able to access, such as pelagic fish. In the past few years, pelagic fish have completely disappeared from the Magdalen Islands. As a result, we have had to reorganize our businesses and focus on the species that are most significant here in the Magdalen Islands, including lobster. In 2008, we agreed that it was a good opportunity to go ahead and merge the two companies, so as to be stronger together and try to go further in developing the species that we process.

• (0955)

Mr. Jacques Chevarie: If you want to buy lobster from Cap sur Mer but are having trouble finding the name, you can locate us under the name *Cape by the Sea*. It's the same thing.

Voices: Ha, ha!

[*English*]

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

In the interest of time, would it be acceptable to the committee if we went with a shorter round of questioning?

Hon. Lawrence MacAulay: We can if we have to.

The Chair: We'll go with a five-minute round, if that's okay.

We're going to begin with Mr. MacAulay.

Hon. Lawrence MacAulay: And be strict on the time.

The Chair: I'm going to be very strict on the time this time.

Hon. Lawrence MacAulay: Thank you very much, and good morning. I'm pleased to be here.

First of all, you run a processing plant. What is your inventory? Do you have a lot of lobster left? Do you have a lot of lobster in inventory?

[*Translation*]

Mr. Jacques Chevarie: No, I would say that in terms of the lobster inventory, we do not currently have any, even though we are processors.

[English]

Hon. Lawrence MacAulay: If you were to be asked if the inventory would affect the price that you're going to pay at the wharf, you would say the inventory would have no effect on what you're going to pay at the wharf.

[Translation]

Mr. Jacques Chevarie: We are not in that situation, but there are lobster inventories on Prince Edward Island and Boston markets, for example. It would seem that the current inventory is not the same as ours. However, that does have an effect on our orders. It can affect prices. When there are inventories, prices are always lower.

[English]

Hon. Lawrence MacAulay: I understand for sure, and I understand it could be. We are going to Prince Edward Island, and I will be asking that very same question to people who are in the processing industry. You mentioned expenditures here as compared to other zones, I take it. I'd like you to expand on that and on what you want compared and on where you're going with that statement.

[Translation]

Mr. Jacques Chevarie: In terms of transportation, there has been a lot of discussion about the cost of fuel. If you compare the cost of fuel in the Magdalen Islands to the cost in Prince Edward Island and New Brunswick, you will see that costs are higher here. If you ride around, you can check the prices at the pump. Fuel costs between 10¢ and 12¢ a litre, and even more, which makes for a considerable difference. For us, the cost of transportation between the Magdalen Islands and Souris has major consequences. The cost of delivering lobster to Boston from the Magdalen Islands is \$4,750. Between PEI and Boston, it costs \$1,500 less. My figures may not be perfectly accurate, but they are very close to reality. From New Brunswick, it is even cheaper. So, we are competing with the other provinces, and that has a major impact on our prices. We process the resource, which means that we have to import CO₂. When we bring in CO₂ from the other provinces, we have to pay for return transportation. If we go to Prince Edward Island, for example, one tank can certainly represent an additional \$1,500 to \$2,000.

On Prince Edward Island, there is a bridge to cross. We have to cross the same bridge and absorb the cost of crossing it. For every pound of lobster or fish, we estimate that our transportation costs are 15¢ or 20¢ higher than those in the other provinces. We also import product. If it is coming from Boston, we pay the cost of three trips for a single trip with processed products—in other words, two trips to bring it in and one trip going out. We buy live lobster from the Eastern United States, as do New Brunswick and Prince Edward Island, but it costs us \$4,750. We can about 50 per cent of the lobster. Our costs are extremely high.

• (1000)

[English]

Hon. Lawrence MacAulay: I appreciate that, and I truly understand what you're saying. I might add that for Prince Edward Island to have an advantage on anything.... You would have had that cost 10 years ago too. Our biggest concern is...and of course, it is a concern, and if it's something you think we could suggest to address this for the Magdalen Islands, that's what we're here for. If you think

there's a way something can be done in order to make the costs more fair, then I'd like to hear it.

Thank you.

[Translation]

Mr. Marc Gallant: What we would like—and we are discussing this at the provincial level—is not to have an advantage over others, but at the very least be able to do business at the same level as the others. What we are asking is that there be some determination as to ways of working.

Let's take the example of transportation costs. It is quite true that these same costs existed 10 years ago, except that everything went up after what happened with the price of oil. Transportation costs rose much more than some other costs.

It's really a question of determining how we could work things so that we would receive a treatment comparable to those of the other businesses—for example, other processors in New Brunswick, Prince Edward Island or Nova Scotia. We don't want to have an advantage over them, but we would like to be on an equal footing with them.

[English]

The Chair: Thank you.

Mr. Blais.

[Translation]

Mr. Raynald Blais: Thank you, Mr. Chairman.

Good morning everyone.

For the information of committee members, I would just like to say that the current study will ultimately lead to recommendations that will be presented in the House of Commons, to the government, and then to the Department of Fisheries and Oceans. We are aiming for rapid intervention. We are almost at the beginning of April, and the season will begin in early May. However, there are already a lot of things being done.

I simply want to point out that the fishers' level of organization is such that they are able to come through the kind of events we have seen recently, and which may well occur again. In light of what you just said, your reorganization allowed you to be better equipped than if you had been working in different silos, with a lot of different enterprises. By consolidating, you gain strength.

I would like to hear your views on future constraints. If we have a clear understanding of the constraints and challenges that are on the horizon, we will have a better understanding of the kind of solutions that are needed. You frequently referred to transportation. That is one potential solution.

The recession in the United States will affect the market and the price of lobster. Even though lobster from here is not exported to the United States, there is a danger that the Quebec market, which is our main market, would be inundated. That would result in competition that could destabilize prices. So, I would be interested in hearing your comments on the constraints facing processors such as yourselves. It is important for us to know about them and have a good understanding of what they represent.

• (1005)

Mr. Jacques Chevarie: You are right: the crisis is hitting the United States hard, but it will also hit Quebec, Canada and everywhere else. That is why we have been talking about transportation and our advantage in that respect. As Marc was saying, we have a fuel surcharge. The crisis in the U.S. is affecting the Magdalen Islands and everyone else. If we have higher expenses, it affects us more. The market is going to be inundated. Will the United States buy our lobster? We do not know. We are in the same boat as everyone else; we are no different.

If they do not buy lobster from the Magdalen Islands, they won't buy it from Nova Scotia, Newfoundland or anywhere else either. It's the consumers that don't want lobster. Over the last three or four years, we have seen the Quebec market overrun with lobster that does not necessarily come from Canada.

In the other provinces, lobster is smaller and costs less. The fisher receives less, and the consumer pays less. The size of our lobster is comparable to lobster in Nova Scotia and Newfoundland. Large lobster is a more difficult market. As a result, lobster from the Magdalen Islands or the Gaspé will not have the same attraction, particularly in the midst of an economic crisis. Also, the other provinces are closer than we are. Quebec City or Montreal are closer to Nova Scotia than the Islands. The same applies to New Brunswick and Prince Edward Island.

Marc, do you have anything to add?

Mr. Marc Gallant: As Mr. Chevarie was saying, other players have been appearing on the Quebec market over the last four or five years. Economically speaking, there was more of an attraction to the U.S. market about four, five or six years ago. Exchange rates reached a peak of about \$1.50 early in 2000. At the time, it was more profitable to sell your product to the U.S. In the past five or six years, and even in 2007, the exchange rate achieved parity, which had an extremely adverse effect on exporters and everyone else, given the speed at which it occurred.

It is not easy to develop a new market quickly. For example, we would like to develop a market in Europe in the coming years, but that will require work over several years before we succeed.

The exchange rate went up so quickly that no one had time to react and find alternatives. No one predicted the crisis that we have been experiencing since 2007-2008; we did not see it coming either. New markets are not easy to develop. We thought Europe could be a more attractive market than the United States, but that is not necessarily the case. The fact remains that practically no one predicted the difficult situation we are experiencing now and over which we have no control.

Mr. Raynald Blais: Thank you very much.

Mr. Jacques Chevarie: I would like to add something. We really want to stress the need for assistance in relation to our expenses. If we pay 5¢ more here for lobster than in Nova Scotia, that means it has cost a producer 35¢ more. Our expenses are so high that, in order to pay the same price, it costs us more—which is something that a lot of people forget. We need some help in that area, because fishers are experiencing the same problem. Their expenses are increasing because of transportation costs. Everything is connected and there is

no way around that. If the same category of lobster sells for \$5 in Newfoundland, Nova Scotia, Prince Edward Island or the Magdalen Islands, we also receive \$5. If we have to pay 30¢ more for transportation costs, we are losing money; that is our weakness.

We do not have access to European markets like the other provinces. In Halifax, there is an international airport. They can export their product anywhere in the world. If we ship Magdalen Island lobster by boat to that airport, there will be no need to scan it as it clears customs before boarding the airplane, because it will already be dead, given the time it takes to get it there. We have access to the same markets, but we don't have the same facilities. The same applies to Moncton, Newfoundland, the Magdalen Islands and the Gaspé. As Mr. Gallant was saying, selling live lobster to European countries is practically impossible.

• (1010)

[English]

The Chair: Thank you.

Mr. Stoffer.

Mr. Peter Stoffer: Thank you, Mr. Chairman.

Merci, gentlemen. Thank you for coming.

On the 27th of February the Minister of Agriculture, the Hon. Gerry Ritz, along with Gail Shea, the Minister of Fisheries and Oceans, announced an Atlantic lobster industry marketing plan working in conjunction with the three maritime provinces. I notice that Newfoundland and Labrador, as well as the Province of Quebec, were not included in this. Were you aware that the announcement had taken place on the 27th? Basically, it's over \$328,000. It's a combined federal and provincial program to market lobster. There will be media campaigns, promotions, chef events, consumer promotion, etc., in the United States, Asia, and Europe. I am just wondering if you were aware of that. If you were, I am wondering why Quebec would not have been part of that. Would Quebec have its own marketing plan with the federal and provincial governments?

[Translation]

Mr. Jacques Chevarie: Yes, you are absolutely right. Because there are two of us in the Gulf—Newfoundland and the Magdalen Islands—they forgot all about us. Although we have no idea why, we know that Quebec was not included in the program.

[English]

Mr. Peter Stoffer: You indicated that your transportation costs are a little higher here than they would be in, say, New Brunswick or Nova Scotia. Has your organization or anyone asked the federal government, along with the provincial government, to develop a marketing plan for this specific area in order to assist you in developing markets for your lobsters?

[Translation]

Mr. Jacques Chevarie: In cooperation with the fishers association and producers, the Quebec government is currently working on a lobster marketing plan at the provincial level, but nowhere else. This is a provincial program.

[English]

Mr. Peter Stoffer: As a processor, do you get together with other processors in the Atlantic Canada region to develop best practices and to see where you can develop synergies to work together in order not only to reduce costs but also to be able to market your lobsters as well, as an industry?

[Translation]

Mr. Jacques Chevarie: Yes. At the present time, we are even part of an enterprise in New Brunswick, as co-owner. We work a great deal with the other provinces with a view to improving our processing, but if you compare the costs of the two plants—I keep coming back to this—there is a very big difference.

Someone referred to insurance. Before 2000—in other words, between 1998 and 2000—we were paying about \$30,000 to insure a plant. Today, for our three plants, we will be paying between \$260,000 and \$275,000 in insurance costs. That \$30,000 underwent a considerable increase in 10 years.

For electricity, which is something we use a lot of, it's exactly the same thing. Electricity costs for processing are much higher. We have a system which makes it higher because the rate is such that we are unable to use as much as we pay for—in other words, there is a special rate for plants which means that our expenses are very high, even though we are not able to use the amount of electricity we pay for; it's as simple as that. The mandatory rate, when there are peaks, is exactly the same as the rest of the season.

To answer your question, we make regular comparisons and visit the other provinces, just as the other provinces visit us, in order to try and improve our costs and the way we operate.

• (1015)

[English]

Mr. Peter Stoffer: How many employees do you employ, sir?

[Translation]

Mr. Marc Gallant: In 2008, if we're talking about regular employees, we had approximately 400.

[English]

Mr. Peter Stoffer: Regular and seasonal?

[Translation]

Mr. Marc Gallant: Yes.

Mr. Peter Stoffer: Thank you.

[English]

The Chair: Good timing.

Mr. Kerr.

Mr. Greg Kerr (West Nova, CPC): Thank you, Mr. Chair. Welcome. I'm delighted we could make it in this morning. I'm very pleased with the interchange we've had. I'll try not to use my full five minutes in case someone wants to be ready.

I guess as a bit of a clarification, as I did mention before to Mr. Poirier, it would be nice to get some kind of written presentation of what we heard this morning, about the effort made by the industry here because of the circumstance. You're sort of backing up the fact that the islands face some very interesting but challenging times.

I noticed when you said about your company coming together that you deal with a number of species, and yet this morning we're hearing it's basically lobster and some crab left. Could you quickly tell me what other species you are handling here on the islands?

[Translation]

Mr. Jacques Chevarie: In 2009, we will be processing mainly lobster and crab. In the Magdalen Islands, there is not a large crab quota, but we also receive crab from elsewhere. The biomass is available all around the Magdalen Islands, which is to say that the largest concentration of crab, for all the provinces, is located around the Magdalen Islands, which gives us an opportunity to receive crab from other boats. Either it will take them too long to get back to their home port, or the wind is too strong, and so on. Others come in order to lower their expenses. They fish three hours away from the Magdalen Islands. If it takes them 17 or 18 hours to return to their home port, they sometimes start thinking about their expenses and decide to come and pay us a visit, which is great. At the same time, those two species are the main species that we work with. We also work with the small quantities of pelagic fish that are available, such as mackerel and herring. We process the mackerel for canning or we process it into blocks for the European markets. Cod is practically non-existent. Therefore, it is processed for the domestic market. As for redfish, last year we processed between 300,000 and 400,000 pounds of it. It, too, has practically disappeared. We also do some processing of mussels, Stimpson's surfclams and what are known as quahogs. There is also a little halibut. Those are pretty well all of the species we handle.

[English]

Mr. Greg Kerr: Thank you.

The reason I was asking was that the other presentation talked about a 10-year plan that the industry has to move towards rationalization. I assume that's part of the reason your industry has to continue to consolidate. If your main business is lobster and there's more rationalization, then you have less processing to do. I expect that trend will continue, will it not?

• (1020)

[Translation]

Mr. Jacques Chevarie: As I see it, if we decided to merge, it is not because things were going well. In the Magdalen Islands, there were previously five plants. Now, there are four, including two main plants. Another plant will be closing this year. It may operate processing shellfish. There will be two main plants operating—one specializing in crab, and the other, in lobster.

This consolidation occurred because there were problems associated with the fishery and the resource was declining. There is no doubt that, if the fishers could operate their boats for seven or eight months of the year catching other species, the crisis would not be having the same effect. For us, it's exactly the same. I said earlier that the cost of insurance is astronomical. The same applies to oil and electricity. If we could operate these plants 12 months a year, by processing other species, it would certainly bring down our fixed costs, which are terribly high. If we rationalize our activities, I think we will be able to remain in production a little longer.

[English]

Mr. Greg Kerr: Thank you.

The Chair: On behalf of the committee, I'd like to say thank you for appearing this morning and providing advice to us on this important topic, the Magdalen Islands.

We will take a couple of minutes as we change witnesses.

- _____ (Pause) _____
-
- (1030)

The Chair: We're ready to resume. I'd like to welcome at this time Mayor Joël Arseneau.

Mr. Arseneau, I will let you begin, if you would like, and you can introduce your accompanier, Madame Landry.

Please proceed, Mr. Mayor.

- (1035)

Mr. Joël Arseneau (Mayor, Municipalité des Îles-de-la-Madeleine): I guess most of you are here for the first time on the islands, so I wish you the warmest welcome. I hope you can come when our fishermen are out at sea. It's quite nice to see when they leave at the beginning of May. We're starting to feel the excitement around the island ports. The fishing industry is very important to us.

[Translation]

I would like to thank you for being here. I am honoured to have been invited to appear before the committee. The fishery is fundamental to our economy. Our region is one of the rare regions in Quebec to be as attached to this way of life and to both be highly dependent and have a major attachment to the fishery, while still believing that the fishery is also the industry of the future. That is the message coming from the community and partners representing both the municipality and the fishing community.

I would like to extend my sincere thanks to Mr. Raynald Blais, who is our member of Parliament, for being part of this committee. He is providing strong support to the lobster industry, while at the same time dealing with issues related to the seal hunt. I also would like to convey my greetings to the Chair, the Vice-Chair and all the members of the committee. I would have liked to have a little more discussion with you, but I realize that you are pressed for time.

I am going to go directly to the heart of the matter. The Islands' economy rests in large part on the fisheries. We believe that, thanks to the fishery, we have been able to continue to live here and develop from a socio-economic standpoint. The fishery is also the present and the future of our island community. One third of all the jobs in the archipelago are in the fisheries industry, 80 per cent of which are in the primary and secondary sectors. You have noted that forestry development is a thing of the past.

In the Islands, we also say that it is difficult to escape the fishing industry and the marine world because, the further away we get from one coast, the closer we get to the other coast. We move away from one shore to end up on the other side. We are completely surrounded by the sea and the fishing industry, economically as well. Here are some figures about the fishery: 1,900 jobs, 1,100 fishers and assistant fishers, some 800 plant workers, direct spinoffs of

\$80 million, indirect spinoffs of almost \$12 million and 300 additional jobs. Therefore, we are talking about \$90 million that is injected into the economy. By contrast, the second largest industry on the Island—tourism—represents about \$50 million. Those are the underpinnings of our economy. The services sector and a salt mine that employs 150 people could also be added to the mix.

The Islands are a small, fragile area with significant population density. We face the constant challenge of striking a balance in terms of the optimal exploitation rate of our marine resources, but without compromising the sustainability of the resource or our environment. This requires constant vigilance, as well as a way of life that respects the limitations of the environment. That is what we believe we are doing and what we aspire to in all the different fisheries in which we are involved.

You probably already know this, but I would still like to remind you that we have 72 per cent of all the lobster landings in Quebec, and that 71 per cent of the value of landings in Quebec is associated with production here in the Magdalen Islands. That represents 34 per cent of landing volumes in the fisheries at large. Right?

- (1040)

Ms. Gabrielle Landry (Project Manager, Consolidation de l'exploitation des ressources halieutiques aux Îles-de-la-Madeleine, Centre local de développement des Îles-de-la-Madeleine): We are talking about landings in the Magdalen Islands. Just to illustrate the importance of the lobster fishing industry, let us just say that lobster landings represent more than 70 per cent of all the landings in the Magdalen Islands, and specifically, 71 per cent of the value and 34 per cent of the volume. So, this is an extremely important fishery for the economy of the Magdalen Islands.

Mr. Joël Arseneau: In 2008, we were talking about 2,252 tons of landed lobster, or 5 million pounds. That represented a slight increase, but I think you know as well as I do that landing volumes have been pretty stable for many years. On the other hand, the price declined in 2008, compared to 2007. You also are aware that operating expenses are constantly on the rise.

I wanted to come back to the need to preserve the resource in order to continue to exploit it in the coming years. That is exactly what fishers have been doing in recent years, since the year 2000. There were significant conservation measures introduced which, I believe, represent a model for the industry. One area of effort involved increasing the minimum lobster size. There we reduced the number of traps as well as lobster size. Those measures have born fruit, since lobster size has since increased. Landings have also stabilized. So, at the present time, fishing does not seem to be hampering the ability to collect samples of the species in our environment. I think there is a need to acknowledge the efforts made by the Association des pêcheurs propriétaires des Îles-de-la-Madeleine, which has demonstrated leadership with its troops and members in order to secure and implement specific measures in cooperation with the federal Department of Fisheries and Oceans.

I also wanted to mention concerns in the community.

Should I wrap up?

[English]

The Chair: Yes, if you don't mind.

[Translation]

Mr. Joël Arseneau: All right. I would just like to conclude by saying that, in addition to the catch, there is also the matter of processing, which is of concern to us. It has increased in the last two or three years but, because of our isolation, there is the problem of costs. A study is currently underway to determine which factors would allow us to continue to operate as a processor of seafoods, and particularly, lobster. It should be noted that isolation results in additional costs, and that is what we are currently measuring.

I wanted to say, in closing, that fishing ports constitute an essential infrastructure. They have been rationalized. They require the involvement of fishers and the fishing community. We do hope that the federal government will consider the efforts that have been made by the community to adequately upkeep this infrastructure, for reasons of safety, in particular, and efficiency.

Thank you.

The Chair: Thank you, your Worship.

[English]

Mr. Byrne, I'm going to ask if we could keep this to a short round, just in the interests of time for the members. We need to conclude earlier than planned to be able to exit the—

Hon. Gerry Byrne: Thank you, Mr. Chair. Then I won't be sharing my time with Mr. MacAulay.

I just want to say a very special thank you, Mayor, to you and to all those who have given us such a hearty and sincere welcome to the Magdalen Islands. This is my second trip. I have to report to you that while I would love to be able to say to you that Mr. Blais is not representing the needs and interests of the island, that he has been very ineffective at promoting your concerns, I unfortunately have to report that that would not be the truth or the case. He has gotten this committee back on several occasions to be able to talk about fisheries issues that are very important to you, and he's been a very strong voice for you.

The Magdalen Islands represent to the fisheries committee a unique model to study the impacts of natural resource industries in a unique way, in the sense that you are, by virtue of the island status, a test tube. Coming from Newfoundland and Labrador, I appreciate it because it does provide us with an analysis of what happens to a community when there is an economic downturn as a result of circumstances beyond your immediate control—the global economic financial crisis, reduction in prices.

What would be the impact if there were a 30% downturn in the lobster and crab fisheries? We'll stick with lobster for now. What would be the consequence in terms of employment and economic activity? As an economic development council and as a municipality, what is it you need to be able to overcome those serious issues and constraints?

• (1045)

[Translation]

Mr. Joël Arseneau: Very often, we prefer not to answer that question. We dare to think that we will never have to face that kind of situation.

The model could take its inspiration from the groundfish crisis that occurred in the late 1990s. At that time, the fisheries economy rested in large part on the groundfish fishery. It took a good ten years to get through that crisis and find a way to diversify the economy. There were 1,200 jobs lost out of about 6,500, which is huge. Ten or twelve years later, in the regions of Quebec that I am familiar with, I would say that our region and the Gaspé are the most dynamic, economically speaking. We also are able to attract young people and young families. Our growth is weak, but it is the opposite of what is going on in the rural areas of Quebec where I have contacts.

We need to diversify the economy. The LDC and the municipality, working with its partners, have benefited from some government assistance aimed at fostering that diversification. We have chosen to diversify within the fishing industry because we believe it is still possible to develop that sector and optimize revenues. I don't even dare imagine what could have happened if there were to be a 30 per cent drop in lobster revenues. The actions taken by the industry seem to be appropriate for ensuring the sustainability of the stocks.

[English]

Hon. Gerry Byrne: Perhaps, Ms. Landry, you could go even a bit further with my questioning. As an island situated in the middle of the Gulf of St. Lawrence, obviously you have interactions with P.E. I., mainland Quebec, Nova Scotia, and New Brunswick to a certain degree. What kinds of partnerships have you established in terms of promotion of trade and commerce with your neighbours? Maybe you could address any concerns you may have in terms of a price decline or a rapid market reduction.

[Translation]

Ms. Gabrielle Landry: I think you are talking about a 30 per cent drop on the markets. In the Magdalen Islands, protecting the resource is what is important, and that seems to be well in hand. A certain volume of the available lobster biomass is landed here. That does not seem to be in doubt. It is the sale of processed products that appears uncertain.

The Local Development Centre, or LDC, works very closely with the maritime fisheries industrial processors to see how business partnerships can be developed and to maximize the positive spinoffs associated with lobster landings in the Magdalen Islands. For a long time, the spawn market had priority and that continues to be the case. For many years now, we have noted an increase in the amount of lobster being processed in the plants. The industrial processors are trying to maximize volumes and are focusing more and more on value-added.

There is no doubt that in an island community such as ours, you have to build partnerships and linkages with the outside. I believe industrial processors in the Magdalen Islands are used to developing those kinds of relationships. Do there need to be more in the years to come? That is something we may want to explore further, particularly sea farming. In recent years, seawater and mussel farmers here have developed a relationship with people in Prince Edward Island with a view to marketing their product. It is clear that there has to be close cooperation with partners in the Maritimes and Quebec in this area. No one can really afford to work in isolation under the current circumstances, in the context of globalized markets, lower prices on the U.S. market, and so on. As a result, market diversification, more value-added and business partnerships are all goals that we are pursuing.

If you don't mind, I would just like to add that the LDC is also supporting the industry's efforts. There have been a number of actions taken, including a lobster promotion campaign last year, on both the Quebec market and the domestic market in general. We made a financial contribution to that activity, along with other partners.

• (1050)

The Chair: Thank you.

Mr. Blais.

Mr. Raynald Blais: Thank you, Mr. Chairman.

Joël, Gaby, Gerry's questions and comment are very interesting. It is true that, in the Magdalen Islands, jobs and the dynamism of the community rely to a great extent on two industries in particular, fisheries and tourism. At the same time, they function as an aggregate. We were saying earlier that a number of factors are in play and that, for reasons of isolation, transportation costs are higher. That is a very important piece of information when you're talking about development, problems or financial constraints due to a recession.

There are other elements to consider as well—for example, costs or ways of operating. It seems to me that, at the departmental level, one of those elements could be the small craft harbours—the infamous wharves. They are under repair and are more often in difficulty than anything else. However, there is a very special situation in the Magdalen Islands. In Cap-aux-Meules, for example, there is not enough space.

Perhaps you could talk about what is needed in terms of interventions by various partners, at different levels. You may want to focus more on the Department of Fisheries and Oceans.

Mr. Joël Arseneau: I am going to begin, and Gabrielle can add her comments.

First of all, our dependency on various means of transportation is such that, for some years now, the community's priority has been to establish a marine link with the mainland that is available year-long. Of course, most people are benefiting from that as a result of a pilot project that was carried out over the last two months. The fishing industry will also benefit: it will be able to lower its costs, and shipping will be facilitated, whether we are talking about bait, refit construction materials for boats, motors or anything else that fishers may need.

It was mentioned that processing activities had increased in the Islands thanks to local supply and imports. If we can operate six, eight or twelve months of the year, the entire Island economy will benefit.

The other way to establish a link with the mainland would be through air transportation. Our landing strip is only 4,500 feet. We will be tabling a proposal with Transport Canada, probably in June, to have our infrastructure upgraded and to extend the landing strip to 6,000 feet. That will stimulate tourism and the fishing industry. So, our analysis also includes this component.

There was a time when a lot of fresh fish was exported. Nowadays, the trend is towards fresh, traceable products and enhanced protein and vitamin content in fish and seafoods. As things now stand, we are not in a position to efficiently supply our domestic markets. For example, in Montreal, it is easier to buy a fillet of tilapia from Chile than a fillet of sole or a lobster tail from the Magdalen Islands. That is highly integrated approach as we see it.

There is also the question of small craft harbours and the need to improve safety and efficiency in the catch sector. We now have a much larger fleet that can operate offshore. However, space is limited in many of the Island ports. The ports are not in deep water and therefore require recurrent dredging. However, these investments are necessary in order for them to continue to operate.

• (1055)

The Chair: Thank you.

[English]

Mr. Stoffer.

Mr. Peter Stoffer: Thank you very much, Mr. Chairman.

Again, Your Worship and Madame Landry, thank you for welcoming us to the Magdalen Islands. Again, our condolences on the first anniversary of the deaths of the four sealers and to their families.

You had talked about the good news that young families seem to be moving to the Magdalen Islands. I can see why. It's such a beautiful place. I also recommend to my committee colleagues that if you come here in July and August, some of the most beautiful beaches in Canada are right here.

You had talked about the young people here. One of the concerns we're always worried about is who will be catching lobster in the future. Just for clarification, if you have the answer, what is the average age of the average lobster fisherman now? Are young people whom you dialogue with on a consistent basis looking at the lobster fishery as a possible future occupation or trade?

[Translation]

Mr. Joël Arseneau: I will begin, and let Gabrielle continue with her own comments.

I just want to mention that bringing young people into the fishery to catch and process fish is a concern that I did not mention, but which is very real. Indeed, the Local Development Centre has had measures in place for many years now to support young people coming into the industry. There was nothing in place in the fishing industry previously, but over the past year, we introduced a program to facilitate the purchase of a fishing enterprise by young people starting out. We conducted studies to see what the needs were. Our contribution is relatively minor, but I believe it is significant. It was intended to complement other measures put in place by the Government of Quebec. The latter also wants to help young people enter this industry. In the Magdalen Islands, we are proud of the fact that we depend on the fishery for our livelihood, and the celebrations that begin each year when the nice weather begins and the fishing season opens are such that fishing is not seen as something negative by young people here. It is an occupation that is still considered to be extremely noble, and that is an asset for our community.

Ms. Gabrielle Landry: To answer your question, I would say that the average age of fishers in the Magdalen Islands is the same as elsewhere. Right now, our captains are between 45 and 50 years of age, on average. In the Islands, we are different from other areas in that, for the time being—and the words “for the time being” are important—we have a new generation of young fishers coming up behind. When a captain decides to retire, there are people interested in buying his fishing business. It is often an intergenerational transfer between father and son. The young people have been part of the business for some time and want to take it over. There is very strong interest on the part of young people here, and that sets us apart from other areas.

On the other hand, that positive element is fragile. The fact is that young people will be interested only if they are pretty certain they can earn a living at it. Right now, with market prices collapsing, the situation is somewhat worrisome, in terms of the future. As long as young people have the sense that there is a future in the industry, they will stay here, but first the industry has to survive these crises. That is one consideration. Furthermore, studies have shown that young people here are primarily interested in buying a fishing business because they want to be able to work at home, in their community. And, one way of achieving that is to work in the fishing industry. As you said earlier, that industry underpins development in the Magdalen Islands. By buying a fishing business, they immediately buy themselves a job. They are interested in staying in their community, which is extremely positive.

At the Local Development Centre, we decided that we wanted to help young people acquire fishing enterprises. It is said that this generation of young people will be far more indebted than previous ones. So, they need more support. Although it was possible to buy a business for practically nothing in the 1950s and 1960s, it is now clear that things have changed dramatically. The cost of buying a business is fairly high and operating costs are very significant. At the LDC, we have introduced assistance programs. They involve non-repayable contributions and start-up grants for young people who want to buy a fishing firm. We have also set up a system to provide support with business management. We believe that young people buying a fishing business need to learn the basic concepts of managing a business. That is why they have access to what we call consulting cheques. They can use these to secure support by

recognized professionals over a three-year period. They can call on their own accounting firm to gain a better understanding of concepts such as financial statements, changes that affect the business, tax measures, and so on. For the time being, the younger generation is still here, and we have our fingers crossed that this will continue to be the case.

• (1100)

[English]

The Chair: Thank you.

Mr. Allen.

[Translation]

Mr. Mike Allen: Thank you, Mr. Chairman.

Good morning, your Worship and Ms. Landry. I would like to know whether you have taken any action to lower energy prices or whether you have a plan in that regard. Also, I would like to know whether community revenues have changed much in the last five years, given what the fishermen are experiencing.

Ms. Gabrielle Landry: In terms of reducing energy prices, we would sincerely like to have a plan, but do not. You referred to fishing boats. We know that there are different ways of lowering consumption. We believe that people are more and more aware of the need to reduce their consumption, and documenting to a greater extent the steps that can be taken to lower energy expenses on a fishing boat is one of the components of the LDC's action plan for the industry.

In terms of community revenues, over the past few years, revenues from the fishery have been based on shellfish, which was not the case 10 or 15 years ago. There was a far wider breakdown of revenues between the different groundfish and shellfish—lobster and crab.

Here, like everywhere else, the mainstay of the fishery is shellfish. Therefore, any fluctuation in prices paid when the fish is landed or on the market has a direct impact on our community's revenues. So, looking at what has happened to the price of lobster and snow crab in recent years—and I am excluding 2008—prior to 2008, we saw that there was relative stability. Last year, however, that was not the case. This year, we still do not know what is going to happen. So, the community here is more sensitive to variations in the market price of shellfish than other areas or geographic regions of Quebec, because our entire economy is steeped in the sea and its resources.

With respect to energy reduction, some processing plants are currently looking at the possibility of adding equipment that could enhance their energy performance, by creating large enough economies of scale in the processing plants, according to what I have been told.

If you don't mind, since we are talking about operating costs, I would just like to digress for one moment. Earlier, Mr. Arseneau talked about sea ports. On the Islands, we had 20 or more sea ports in the 1970s. Over a period of 32 or 35 years, we have gone from 20 to 9 fishing ports. That is the absolute bare minimum for the Magdalen Islands community. These ports have to be funded by Fisheries and Oceans. So, in terms of what the Department can do, that is clearly an important issue.

And, if I can just say one more thing in passing about operating costs, it is this. Whether we are talking about the cost of fishing licences or of certain control mechanisms, these are extremely important programs, but they are programs that are very expensive. I am thinking, in particular, of the control program for other fisheries. That is not the case for lobster, but it is for crab, where there are offshore observer programs in place, and so on. Fisheries and Oceans has an obligation to look at the operating costs that it passes on to the industry to see what can be done, within the Department, to reduce those costs for fishermen, given current economic conditions.

● (1105)

Mr. Mike Allen: Thank you.

[English]

The Chair: Thank you very much.

I appreciate your coming today to meet with the committee and allowing the committee to receive your advice.

On behalf of the committee, I want to say once again how appreciative we are of the hospitality here in the Îles-de-la-Madeleine.

And I want to say *merci* to Monsieur Blais for inviting the committee to come.

Thank you very much, and have a good day.

The committee is adjourned.

Published under the authority of the Speaker of the House of Commons

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

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.