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Chair

Mr. Rodney Weston

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•(0900)

[English]

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

Thank you very much, everyone, for coming this morning. On behalf of the Standing Committee on Fisheries and Oceans, we really appreciate your attendance, Mr. Thompson and Mr. Thompson.

Before we begin I'll just go over a couple of items. We generally allow ten minutes for an oral presentation, and following that there are some timelines that the members have to adhere to for questioning.

Mr. Greg Thompson, you're going to go first, and Richard, you're going to follow. Mr. Thompson, I'll ask you to proceed at this time.

Thank you.

Mr. Greg Thompson (President, Fundy North Fishermen's Association): I thank you for this opportunity to meet all you gentlemen. I haven't met very many before, other than Mr. Weston, so thank you for coming to us.

I am president of the Fundy North Fishermen's Association. It represents fishermen from St. Martins to Deer Island and along the north shore of the Bay of Fundy. We have roughly 40 to 60 members, probably slightly fewer than half of the fishermen in that area. The rest do not belong to any association. Our association is a volunteer association. We charge dues of \$200 to be a member. Most of the work is done by volunteers, although we have been able to hire an office person to deal with some of the issues—paperwork and so on—that are required.

I am also a member of the Fisheries Resource Conservation Council, but I'm not appearing here today in that capacity. You've already spoken to Jean Guy and Gerard and had some of the denial. I am speaking on behalf of Fundy North and, I might say, a bit for myself as well.

I am also a member of the Gulf of Maine Council on the Marine Environment, the provincial round table on fisheries, and the Scotia-Fundy round table, so I spend a lot of time going to meetings, primarily on my own time and at my own expense, but fishing is my life and I am very interested in it.

When you represent an association—and I'm sure I'm telling you people nothing you don't already know—there are a lot of diverse views. I have a good friend in the association, a fisherman, who is quite adamant that we need to be exploiting the lobster stock less. I have another good friend in my association, also a fisherman, who

says that the lobsters are there to be fished as hard as we can fish them, and if they won't stand it, then we go drive a truck. I have views from one end to the other and everywhere in between, so for me to come representing a group is a difficult task.

In Fundy North we have tried to stress working with the people with whom we have conflict in order to try to move things ahead. I would say Fundy North was strong on working with the aquaculture industry to try to resolve some of the conflicts we've had with them. We worked with the Irving group on the LNG terminal to try to resolve the conflicts we had with them. Many of our fishermen said, "Just oppose it. Don't do anything. Just fight them", but our approach has been to try to work through some of our problems.

That's the tone I bring here today, because we have problems we need to work through, but we don't have any mechanism to do it. I'll get on to that a little later, and maybe I'll be a little hard on you fellows, but I guess I'll give it a try.

Science tells us that in the Bay of Fundy it takes seven years for a lobster to grow to a size so that it enters the fishery. This fact has two major implications. First, all the lobsters that will be landed in the next seven years are currently crawling around the bottom of the ocean. Second, it will be eight years before we know the success of this year's spawning.

The current plan to deal with the lobster harvest is to catch as much as possible each season within the conservation rules. This does not seem to be a prudent business plan for seven years of stock. The great fear in a competitive fishery is that someone will catch the lobster before I do, and that's what drives this push to get as much as you can.

There is no mechanism in place to look at long-term economic planning. Global marketing and the rapid worldwide growth of aquaculture has increased the competition for the consumer's seafood dollar. The lobster industry is putting too much product on the market to maintain the high prices we have come to expect. Demand, and hence prices, had begun to decline even before the current economic downturn made matters worse. The charts—I have some here—indicate that 2005 was the peak year for sales and price for lobsters. It's been declining since then.

•(0905)

Traditionally, half of the lobster landings go to processing, half to the live market. The processing price is lower than live market price, but the live market seems to have reached a ceiling, as landings are at a 100-year high.

Now, some in the industry feel that the fishery would be better served in this situation if lower-quality lobsters were left in the water, if landings were streamlined to reduce glut situations, and if a way could be found to reduce price fluctuations so promotions could be planned in advance. Others feel that any movement in that direction may impair their competitive advantage. Some feel the industry is overcapitalized and inefficient. Others feel that those who fish hard will be rewarded and those who do not will have to leave. The Department of Fisheries' position is that these are economic concerns and, without unanimity on an action, the status quo will prevail.

In terms of the long-term health of the lobster stock, industry is also divided. Some say that the current high landings prove that our management regime is sufficient to guarantee a healthy biomass. Others say that beginning to fish a stock two years before it is capable of spawning, with no knowledge of what percent of the spawning stock we are removing, is a recipe for disaster.

Now, if one were to google the words "sustainability framework", one would get over three million hits. These would range from sustainability of the Toronto waterfront to sustainability of the Wisconsin forest. This indicates how important the concept of sustainability has become to our society. It is also informative that all definitions agree that social and economic considerations are right up there with ecological needs.

One thing our industry agrees on is that better marketing of lobster must occur. What we seem to miss in the industry is that better marketing implies a change from what we are doing. Japan wants better knowledge and management of PSP in tomalley. Europe wants traceability and third party certification that the fishery is sustainable. Environmental groups want more protection for species at risk in fishing plans. Several large stores are demanding MSC certification.

Now, the lobster resource is the property of the people of Canada. It generates about a billion dollars a year in income, primarily in rural communities. In many areas it is the major economic driver, as other fisheries continue to struggle. Meeting the challenges facing this important industry is possible, but it requires change and it requires money. And this is the point that I wanted to drive home: our present regulatory regime allows us to do neither.

I'm going to digress here. Years ago, when I started representing fishermen, I'd say about 30 years ago, we were trying to save our drift net salmon fishery coming into the Saint John River. We had a meeting with our then MP regarding this. At that time the government had just brought in what are called community service officers. They had people in the community to try to help the fishermen work with the Department of Fisheries and solve their problems. I remember the MP saying, "I don't like these community service officers". He said, "I remember the good old days when, if a fisherman had a problem, he got in a plane, came to Ottawa, and we straightened it out." Those times have passed, but unfortunately the regulations have not changed to allow us to make decisions any differently. We can't make decisions on our own. I don't know how to handle it, and that's why I'm coming to you.

This industry needs a decision-making process that does not define consensus as 100% agreement. And just two examples: if we

were to ask for 100% agreement from the public that they'll pay income tax before we implement it, it wouldn't happen; if we were to ask for 100% consensus in Parliament before anything went forward, it wouldn't happen. But that's precisely what's asked of the fishermen.

The industry needs a way that money can be collected to finance things like market opportunities, product development, and additional science and technology changes. The idea would be to enhance rather than replace government contributions. But there are things that the industry should be taking on. Nothing implies ownership like contributing to the cost. There's the old saying, he who pays the piper calls the tune. If the fishermen want a voice, there should be a mechanism whereby they can contribute to some of the issues that are facing them.

● (0910)

Government is pulling back on funding commitments to the fishery and demanding that we do more, but it will not allow any initiative that requires all to pay. I've run into this many times in the 30 years I've been representing fishermen, and I'm going to give you an example.

Our wharves were turned over to local harbour authorities. By and large, this has worked pretty well, but the harbour authorities were given no authority to collect dues. It's basically on a donation basis. If a fisherman refuses to pay his dues, there's nothing we can do about it. We've gone to government people many times and asked if they will correct the situation by attaching it to a licence or doing something so that the people using the wharves will have to pay, but all we receive is refusal. In that sense, the government is encouraging non-compliance and non-cooperation when they reward those who will not ante up.

It's the same way in requiring consensus. The government gives a veto to any contrary person by defining consensus to mean there were no dissenting votes. As an example, three attempts were made to pass a new fisheries act. It was brought in by Liberals under Regan, and it was brought in by the Conservatives under Hearn—

● (0915)

The Chair: Mr. Thompson, I'll have to ask you to wrap up, please.

Mr. Greg Thompson: Okay. Well, then I'll skip over this.

In the short term, the government has produced a stimulus package. For the short term, we'd like to see a new patrol boat. Our patrol boat has gone. They're talking about replacing it with a 110-foot boat based in Dartmouth. That will not work. It will not provide the security needed in this area. We have a nuclear plant, we have an LNG plant, and we've already had security people from Ottawa here saying this is going to have to be looked at. We'll have no government presence on the water if this boat goes to Dartmouth and is based out of there.

As Richard is going to say, we need support for the issue of PSP in tomalley. We need the Canadian Centre for Fisheries Innovation initiative to bring the industry together, and their funding has been cut, so we have nothing we can do to try to solve our problems. We should be solving our own problems, but we need a mechanism to do it and we do not have it.

Thank you.

The Chair: Thank you, Mr. Thompson.

Mr. Thompson, do you have some opening comments you'd like to make?

Mr. Richard Thompson (Chair, Fundy Regional Forum): Good morning. I'm a member of the Fundy Regional Forum, made up of southern N.B. fishing industry representatives. Our area of representation is from the Canada-U.S. border to Alma. As well, it takes in the island communities of Grand Manan, Deer Island, and Campobello.

Our forum was recently addressed on the subject of paralytic shellfish poisoning in lobster by Mike Beattie. He was a doctor of veterinary medicine with the Department of Agriculture and Aquaculture. I have here an information update with Health Canada, and it's a new, updated version. It says:

Health Canada recommends that:

- children not eat lobster tomalley.
- adults restrict their consumption of lobster tomalley to no more than the amount from one cooked lobster per day.

We feel on the forum that this PSP in lobster restricts our product in the marketplace, and that there would be a need for more research and development in testing of the product itself.

Now, I have a letter that we drew up and sent to the minister, and we also sent it to the president of the Canadian Food Inspection Agency. I would like to read the letter. It starts:

Dear Minister Shea and Ms. Swan,

This letter follows the New Brunswick and Nova Scotia tomalley sampling and analysis program in the fall of 2008. It is the result of subsequent discussions relating to possible revisions to Health Canada's tomalley consumption advisory.

This updated information from Health Canada is updated from the last advisory that was sent out, and it is recommended that less tomalley be eaten. It's a little more of a concern at this time. It was just put out on March 19, just recently.

The Fundy Regional Forum is a seafood industry stakeholder committee created as result of recommendations stemming from a renewal process for New Brunswick fisheries. It was established with support from Minister of Fisheries, the Hon. Rick Doucet and the Minister's Round Table on Fisheries. The forum promotes common interests and development, and addresses opportunities or challenges that face the seafood industry. Members are dedicated to community economic and social well being and come from areas stretching from the Canada-United States border, including the island communities of Grand Manan, Campobello and Deer Island, to the port of Alma in the upper Bay of Fundy.

Forum members are now aware of several scientific information gaps on the relationships between lobster, tomalley, Paralytic Shellfish Poisoning and human health. Your support to provide answers on this sensitive, food safety issue is necessary to provide stability and market confidence, as well as to reduce further, the potential for negative impacts within an already volatile world market. Today, Canadian lobster exports are estimated to be in the vicinity of 1 billion dollars.

● (0920)

Despite some initial investigations being undertaken, a continuation of research should be a foregone conclusion and maintained as a priority for Atlantic lobster.

It is imperative that funding assistance be provided to evaluate and/or establish the following:

- i. Tomalley consumption, toxicity and human health
- ii. Spatial and temporal distribution and predictability of Paralytic Shellfish Poison and ranges in lobster and other crustaceans
- iii. Accumulation and depletion of toxins in live and cooked products
- iv. Diagnostics, traceability and market compliance

The collaborative research approach established during the fall of 2008 that included the Canadian Food Inspection Agency, Fisheries and Oceans Canada, the Atlantic Veterinary College Lobster Science Centre, Nova Scotia, New Brunswick, lobster harvesters and association should again be initiated and funded.

We understand that finding money for research can be problematic, especially for the fisheries and seafood sectors. We would anticipate that with the new fiscal year approaching, some very serious consideration can be given and funding assistance applied to resolve some of those important issues identified.

We believe that your funding support is consistent with the goals, actions, and priorities established under the Fisheries Renewal Framework for New Brunswick. The spring lobster fishery is rapidly approaching. Coordination, timing and establishment of lead roles for any projects are critical given the onset of the fishery on April 1.

Thank you for your consideration. We look forward to a positive response on this important issue.

In short, our lobsters are being rejected from some marketplaces, particularly Japan. This puts more pressure on our other markets. We feel that with a little more in-depth research into the PSP in lobster, we can clear our product for markets worldwide and on all consumers' tables.

Thank you very much.

The Chair: Thank you, gentlemen.

We'll begin with questioning from Mr. Byrne.

I believe you're going to share your time with Mr. MacAulay.

Hon. Gerry Byrne (Humber—St. Barbe—Baie Verte, Lib.): I am indeed. Thank you, Mr. Chair.

Thank you to our witnesses for providing some very helpful perspectives on your industry and on some of our recommendations that we need to forge to help you guys out.

On the issues of market access and on a range of issues surrounding your industry, are you participating in the Atlantic lobster round table? Has that process been somewhat helpful to you?

The second issue would be market certification. Is market certification a potential tool or benefit for you to be able to break through these non-tariff trade barriers? Those are what you're referring to in rejection of certain products. Do you think that's an opportunity or a potential pitfall in developing the industry?

Mr. Thompson, maybe you could lead off and talk a little bit about the Atlantic round table, if you're included in that process.

• (0925)

Mr. Greg Thompson: I'm a member of the Atlantic round table on lobster. We have begun an initiative to try to get a steering committee that will move forward on generic marketing of lobster Atlantic-wide and also on eco-certification. It is the feeling that we cannot afford to lose any markets. Several markets have told us that without eco-certification, they will not handle the product. Whether they're bluffing or not, I don't think at this stage we can take a chance. However, as I've told you before, there is conflict among fishermen, and we need a mechanism to move along.

Hon. Gerry Byrne: Richard, could you interject on that point as well, particularly about the market certification component?

Greg, I understand that the Canadian Centre for Fisheries Innovation has been involved in the Atlantic lobster round table.

Mr. Greg Thompson: Yes.

Hon. Gerry Byrne: That organization is about to go defunct in 30 days' time because the Atlantic Canada Opportunities Agency has pulled its funding. Do you have any thoughts about that? Do you want to advise the committee about your position on that?

Mr. Greg Thompson: My position is that the lobster initiative needs support.

I am not familiar with the long-term work of CCFI. I know they do good work. I've only been involved in this lobster round table for a short time, and they've done good work for us. Right now they are the people who are leading the initiative to try to get the industry to deal with the market challenges. Eco-certification and traceability are two major challenges that industry has to face; if they're not there, I don't know who is going to take it on. I really don't.

Hon. Gerry Byrne: Richard, perhaps you could just add something, and then I'll pass my time to my colleague Lawrence.

Mr. Richard Thompson: Well, I can't comment much on the round table and that sort of thing.

On the issue of this PSP in lobsters, all of our consumers seem to be more health conscious when making their purchases of food nowadays, and I think this whole thing needs to be straightened out. The people who presented this report to our forum said there's virtually no means and no funding for them to pursue this and do the proper testing and the research on our product to clear it up. I just wanted to bring this to your attention, that all members of our forum feel that this is something we'd like to see our people go to work on.

Hon. Lawrence MacAulay (Cardigan, Lib.): Thank you very much. It's good to be here in New Brunswick. And welcome to the Thompson boys, it's good to have you here. Thank you for coming.

On that very issue, Richard, what you're telling the committee is that you feel there's not enough research or no dollars to address the problem—

Mr. Richard Thompson: That's what we believe.

Hon. Lawrence MacAulay: —and what has taken place is that the world community has been led to believe you have this problem and you've nothing to fix it with. Is that what you're telling the committee? You mentioned the Japanese market in this.

Mr. Richard Thompson: That's how we feel, yes.

Hon. Lawrence MacAulay: Well, it's a very serious matter when it comes to selling the product.

Greg, you mentioned—and I think you could have elaborated at length—the problems with no mechanisms to fix the situation. I certainly understand what you're talking about, but it's good to get it on the record.

When you have port authorities formed and no system to collect... but you could elaborate much further on what needs to be done by the Government of Canada or whomever to help put mechanisms in place so that you're able to deal with some of the problems. You can identify them as well as I and get them on the record.

Mr. Greg Thompson: Well, for a decision-making process in a competitive fishery—and you may have heard of the study that came out recently that there'll be no competitive fisheries after 2050. They'll all be gone, except ITQ, and in my opinion the reason is that an ITQ has an owner and he can make a business decision.

When you have a group of competitors in a room, they cannot make a business decision. In our advisory capacity, DFO has defined consensus as 100% agreement. I think the minister somehow has to make it so we can make a decision and have input into decisions, more so than just offering an opinion at the table. When you get 10 different opinions, it isn't right for the minister to have to choose one to make a decision on; then basically decisions don't get made. We have to find a mechanism.

But the minister, constitutionally, has the right, so it's up to the minister to devolve some decision-making authority to boards or whatever if we're going to retain a competitive fishery. Personally, I favour a competitive fishery, but I agree entirely: if they cannot find a mechanism to make a decision, they will lose their positions to ITQs, because those guys can make decisions.

• (0930)

Hon. Lawrence MacAulay: So you support ITQs in the lobster industry?

Mr. Greg Thompson: I do not—

Hon. Lawrence MacAulay: And also do you support the minister making the decision in the end, or do you think the decision should be that the minister can put the decision to a board? This is a fairly important issue at this time.

Mr. Greg Thompson: Yes, it is. I do not support ITQs. I say they're the default position when decisions cannot be made by a group. And I am optimistic that decisions could be made by a group if a mechanism was found. But when the minister has 100% total authority to make decisions, how do we do more than advise as an industry?

Hon. Lawrence MacAulay: I'd like to know where you want to be. If you want to take the authority away from the minister and have the minister give that decision-making authority to a board, and then you disagree with the decision made by the board...

If you don't like what I do, you can vote against me; you can't vote against a board. How do you feel about that? Or do you want it to go to the board?

Mr. Greg Thompson: My thought on this, and I've been through it many times, is that I would like to see a board.... I take the FRCC as an example. There's one aspect lacking. The lacking is that the recommendation of the board should go to the public at the same time as it goes to the minister. The minister, as you say, is accountable to the people, and the minister is the people's access to overturn a decision of the board, but the board's recommendations are public.

I've been involved for five years in the southwest marine planning initiative in southern New Brunswick. With all the competing interests there and all the stakeholders that have conflict around the table, after five years we came up with the idea that we need a board that will publicly make decisions and make recommendations to the minister on things affecting marine space. The minister will either accept or reject, but at least a group will have the opportunity to arrive at a decision.

Hon. Lawrence MacAulay: So you want to make sure the decision comes from the bottom up and not from the top down all the time, although the final signature on the regulation or whatever has to come from the minister, bearing in mind that the suggestions that have been made by a board.

Mr. Greg Thompson: Thank you.

The Chair: Thank you.

Go ahead, Monsieur Blais.

[Translation]

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

Good morning, Messrs. Thompson.

I will give you the opportunity to explain what you did not have time to explain earlier. You had begun to talk about a veto right with regard to the new Fisheries Act.

[English]

Mr. Greg Thompson: The Fisheries Act contained a lot of things, but to my understanding there were two things we really needed. One was that it would provide an opportunity to deal with what is termed the free rider issue, which I explained earlier with the wharf example. For example, if we wanted to do a little extra science in the lobster fishery, there is no mechanism. If we were to hire a technician to take samples of our lobster catches as an organization, we could not spread that cost over the fishery. Under the new Fisheries Act, I understand that we could enter into an agreement whereby the cost could be spread over the whole industry. That would make it more favourable for fishermen to try to do it, because nobody in a competitive position wants to pay the cost of something that's going to benefit everybody. They want everybody to pay.

Also, when you enter into an agreement with the government.... A board, as I said, would do the same thing. Right now we sit around the table, more people than are around this table, and we all offer opinions. They're diverse, and the general feeling is, therefore, to keep the status quo. We don't have consensus, so we have to have

status quo, and there are issues.... I will run through them: eco-labelling, traceability, health, quality, overcapacity, organization, compliance, fuel costs, carbon footprint, species at risk, bait, and the lack of a dedicated spawning stock.

• (0935)

[Translation]

Mr. Raynald Blais: You may have a lot of things to tell us in very little time, but I will not be able to understand you if you talk too fast. I would appreciate it if you could talk more slowly, not only for me, but for the person who is of great help to me and who is over there in that small booth. She was literally panting from trying to catch up. That's not right! I would simply ask you to show some consideration for the person who is greatly helping me trying to understand you.

Some voices: Oh, oh!

[English]

Mr. Greg Thompson: Sorry—

[Translation]

Mr. Raynald Blais: What exactly is a veto? You spoke about the veto, but you did not pick up on it.

[English]

Mr. Greg Thompson: As I mentioned, we have a list of issues that are facing our fishery. They are issues that require action, and my opinion is that the industry should be dealing with these issues, but when we talk about eco-labelling, traceability, quality of product, overcapacity, compliance, carbon footprint, or species at risk at a big table, we get a diversity of opinions.

Some of these are conservation issues. The department feels that it is their mandate to protect conservation first, so they will make the decision on conservation. However, something like fuel cost is a business decision. If we want to try to get a change in the fishing plan that would reduce fuel cost, that is a business decision, and if somebody says that everything is fine the way it is, then we can't move ahead. We can't address that issue because we don't have 100%. If one person says he has a 700-horsepower engine and can get to the fishing grounds three minutes faster than other people and therefore doesn't want any changes made, then that's a veto, as far as I'm concerned.

[Translation]

Mr. Raynald Blais: What is the state of the lobster fishery in New Brunswick? The situation varies depending on the sector you are in. In some areas, there can be abundant resource, and in others, the opposite might be true. I would like to hear you talk about the zones or geographic sectors you represent in New Brunswick. What is the state of the resource?

[English]

Mr. Richard Thompson: Yes, our lobster stock is very healthy. There are very good signs for our lobster stock. Everything looks good in that department. It's just that our product in the marketplace has depreciated so much. That is where our industry hurts right now.

• (0940)

[Translation]

Mr. Raynald Blais: In what zone do you fish? You say that the stock is very healthy, but is that the case throughout New Brunswick, or in your particular zone?

[English]

Mr. Richard Thompson: It is just in the Bay of Fundy.

[Translation]

Mr. Raynald Blais: Very well. Some fishermen think that a buyback program could be a very positive solution to eliminate some of the problems in certain zones. What is your view on such a licensed buyback program?

[English]

Mr. Richard Thompson: My opinion on a buyback program is very positive. There are too many licences, too much pressure on the product, and too many lobsters being put on the market. A buyback program, I feel, would eliminate those problems. As well, it would mean fewer boats on the water, so the coast guard would have to look after fewer fishermen. There would not be as much that the protection division would have to look after. I think it would be a plus in all aspects of the industry.

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

Mr. Stoffer is next.

Mr. Peter Stoffer (Sackville—Eastern Shore, NDP): Mr. Chairman, thank you very much. It's a pleasure to be in Alma, New Brunswick. No matter where you go in this country, it's always amazing to see volunteers step up to the plate and take time out of their schedules to assist us in making deliberations for the minister.

I must say, Greg, when I heard your name I thought we were at the veterans committee. We can talk about Gagetown if you like. I'm just kidding.

First of all, how many lobster fishermen are we talking about in the Bay of Fundy?

Mr. Greg Thompson: Well, in district 36, which we deal with and which runs from Fundy National Park to the U.S. border, excluding Grand Manan we have 178 lobster licences. Grand Manan has roughly 130. District 35, which is from Alma around to Digby, has 95.

Mr. Peter Stoffer: What would be the approximate total value of that industry for the Bay of Fundy region?

Mr. Greg Thompson: Districts 35, 36, and 38 each catch about 1,400 tonnes of lobster annually.

Mr. Peter Stoffer: We heard in Îles de la Madeleine and Prince Edward Island that there was a concern about too many fishermen capturing too few fish in terms of a buyback program, yet in LFA 34 down in Southwest Nova, we heard that it wasn't a concern. At least, the ones we spoke to indicated it wasn't a concern.

Do you, sir, agree with the other gentleman that having too many fishermen is a concern? Would some form of buyback or rationalization of the fleet be something your organization would support?

Mr. Greg Thompson: In district 36, I would support it.

I think district 35, which is the same size in terms of water volume, has 95. They have about half the fishermen we do. I would like to see our numbers at around 145 fishermen in district 36. I would like to see a reduction.

The reason I would like to see a reduction is that these challenges the industry is facing are going to cost us money, and I need to have, as a fisherman, a little better income in order to deal with the costs that are associated, for example, with traceability. In the future, you're going to have to be able to tag every lobster you catch and track it to the consumer. For me, aboard the boat, it's going to require more manpower or a tool. It's going to require something. There's going to be more monitoring; we know that. There are going to be changes in gear to deal with the right whale issue in the Bay of Fundy; we have a right whale issue.

All of these things are going to cost money. For the industry, there are certain costs. The government will get this ball rolling, but if it turns out that this has to happen annually and forever, I'm sure the industry is going to have to bear part of the costs. This is why I'm saying we need a mechanism whereby we can contribute, but we also need the money to contribute.

• (0945)

Mr. Peter Stoffer: I do agree with your earlier statement that if there isn't some sort of local decision-making with the minister, then an ITQ may happen by default at the very end. You can see it happening.

I'll go to the other Mr. Thompson. Sir, you have a copy of the letter you sent to Gail Shea. Is it possible to get a copy of that for our committee as well?

Mr. Richard Thompson: Yes. I have four copies of the letter.

Mr. Peter Stoffer: Very good. Thank you.

Also, sir, you talked about the decision-making here locally. You can't reach a 100% consensus among us, let alone fishermen. However, there have been examples of a board making decisions in lieu of the DFO minister making them. The Canada-Nova Scotia Offshore Petroleum Board once made a decision about seismic testing off the western side of Cape Breton. The assumption would be that it's a ministerial responsibility to determine whether seismic testing could damage crab or other stocks, but the decision to allow that testing came from the board. The minister supported the decision, but at least it showed a board being allowed to make a decision based on something that happened in fisheries, or in the ocean, in that regard.

I thought that was a good example of cooperation between the board and the department. Some of us may not have agreed with the board's decision, but at least a decision was made at that local level. I think you've come up with a good point, and it's something that could be looked at, not only by the committee but also by your province and by organizations as well.

How involved is the province in this regard? Would they come to the table in terms of assistance in a buyback, in scientific research, or in setting up the board?

Mr. Greg Thompson: Actually, I find the current minister quite supportive of the fishing industry. Our provincial minister said many times the status quo is not an option, and I think we have a good working relationship. He's also our MLA in our area. He's a go-getter.

The Chair: I have a hard time with that last comment, when you said "the current minister". My colleague from Newfoundland thinks that was a backhanded slap.

Go ahead, Mr. Allen, please.

Mr. Mike Allen (Tobique—Mactaquac, CPC): Thank you, Mr. Chair.

Welcome, everybody, and the committee, to New Brunswick. It's nice to be here, even though we're still a little way from my riding, but we're probably closer to Rodney's as well. I thank all the people from the community for coming out.

I would be remiss not to mention a couple of special people who have joined us. They are two reasonably local MLAs, Wayne Steeves from Albert and Mike Olscamp from Tantramar. Thank you, gentlemen, for coming out today.

I have a few questions I'd like to ask. We talked about decision-making, Greg, a while ago. Being a member of the Fisheries Resource Conservation Council, you're probably familiar with the report. Some of the testimony we've heard was that there's been quite a bit of effort in terms of rationalizing and what they call the Quebec initiative in the report. You've talked about some LFAs saying that they aren't really fussy about a buyback, but there are other areas where we probably do need to rationalize a little bit, and I do appreciate your concern that some would like to exploit less and some would like to fish harder. That's pretty consistent across the LFAs as well.

If some of these LFAs have had success in doing self-rationalization themselves, what types of things have you talked about in order to lower the exploitation rate, especially in LFA 36?

Mr. Greg Thompson: When you say "lowering the exploitation rate", are we talking in terms of buyback? To me—

Mr. Mike Allen: I'm asking about the amount of fishing.

Mr. Greg Thompson: I have spoken at length to my association and to the lobster committee. I'm quite, shall we say, "green" in my group, but I, for one, feel quite strongly that we could lower our number of traps. We fish 300 traps. We could lower our trap limit. It's very unpopular with the fishermen.

I've talked to fishermen. We have been to four lobster meetings, and this is the fourth one in a week. The American fishermen fish 800 traps all year long. They say that they couldn't get by with one less. Grand Manan fishes 375 pretty nearly all year. They couldn't get by with one less. Up towards Cape Breton, there's a guy who fishes 62 days with 250 traps; he catches more than any of them, and he says he can get by with 225. I think we should lower it, but other fishermen don't agree.

You get all these views out there, and most people feel.... Anywhere they've lowered trap limits around the world, they have not lowered their catch. That would cut your carbon footprint. It would cut your whale entanglement. It cuts your expense. There are

so many things, so many positives, but my fishermen don't buy it. So how do we make a decision?

● (0950)

Mr. Mike Allen: Wouldn't you prefer it to be a grassroots development like that, as opposed to being forced top-down by a minister?

Mr. Greg Thompson: I would prefer it, and where it has happened, it has happened because people looked over the brink and didn't like what they saw.

In the Bay of Fundy we're running at a 100-year high. People feel everything is good. In Quebec, which has done well, and in Cape Breton, which has taken a lot of initiatives, they were driven to the brink. They saw what it was like to have nothing. The interesting thing is that they've done a lot of positive things, and it hasn't hurt. Their fisheries have rebounded. Now, they will say that they don't know that cutting back caused the rebound, but it didn't hurt the rebound. The rebound happened anyway.

That's the case everywhere around the world, but still we cannot convince the fishermen.

Part of it is that fishermen will not join associations and they do not keep up on the real challenges facing the industry. Part of an initiative under the province is to try to work through the provincial round table to increase awareness of what fishing in this day and age entails. It's not like when my daddy used to do it. Fishing is different, and you have a whole group of consumers out there who are demanding things from the fisheries. They want their food to come in certain ways, and we have to answer to them if we want to sell.

Mr. Mike Allen: The next question is what's going to happen next. We were discussing this point a little bit yesterday. We were saying that these are 100-year highs, which makes me a little bit concerned. If you're at 100-year highs, what's going to happen next? In testimony we heard in Ottawa, nobody really had a good feeling for how much biomass is out there. I find it amazing that with the R and D capabilities we have these days, it's still really hard to pin down what the biomass is.

Richard, you commented that you thought the stock was good. How do we really know, and how do you do your assessment? Is it just based on the catches? If that is the sole method, how do you really know that it's sustainable?

Mr. Richard Thompson: Our fishery is conducted on a seasonal basis. We have a trap limit, and there are mechanisms in our traps to let the small lobsters out. I talk to fishermen. I know fishermen. I am president of a company that deals in lobster. We handle a lot of lobsters and deal with a lot of fishermen. I hear from them that there are lots of female lobsters with lots of eggs. I hear reports of lots of small lobsters on the bottom—mixed, all different sizes. All the fishermen's reports on our stock are good. That's where I get my information.

Mr. Mike Allen: The PSP issue came up in Yarmouth yesterday. What was interesting about the comments was that Canada seems to have a little different export regime. The product gets inspected on the way out to Japan, then it gets inspected again on the way in. There are FDA warnings in the U.S. against PSP, but it doesn't appear that the U.S. has taken the same approach.

Are our lobster export rules different from what they have in the U.S.? Have you noticed any difference in the market in Japan because of these warnings?

• (0955)

Mr. Richard Thompson: I'm a small-scale dealer, but I mentioned Japan because I know that Japan rejected our lobster. When our lobster is rejected in one marketplace, another marketplace may be stressed. There's only so much capacity to absorb so many lobsters. If one marketplace dries up, then the product is pushed on other markets. We don't need to dump lobsters on our markets; we need to market them in a financially viable manner.

Mr. Mike Allen: I have a question on the sustainable practice and certification. We recognize that to be able to market our lobsters in other markets—European Union or whatever—we're going to have to have these eco-certifications. Has there been any discussion on this? Does anybody have a good feeling for what this might mean to the cost of doing business for a harvester or a processor, as opposed to your present fuel and bait costs? Do we know what the impact is going to be?

Mr. Greg Thompson: I don't have a sense of the cost. It will cost. It costs to have this, but there has never been a certified fishery that hasn't had conditions attached. We won't have an idea of how these conditions will affect our fishery until we go through a pre-assessment. I mentioned traceability. Should you wish to use the logo, you will have to have a chain of custody traceability. That will be expensive, and it's going to come out of the lobster money somewhere along the line.

Whether it will require more information gathering is not yet known. Right now DFO's budget is such that the scientific budget for gathering information is small. Sometimes a head biologist will come, because he can hire a technician. They come with me to sample my catch once a year. They do roughly 11 trips. They do one dive in district 36 to check for juvenile lobsters. This is the type of budget that they're working under. If there's a demand from the sustainability or eco-labelling group for more information on this fishery, I am dubious that DFO will step up to the plate with a lot more money. They don't have it now, and it will fall to industry to come up with it.

Mr. Mike Allen: Thank you.

The Chair: On behalf of the committee, I would like to take this opportunity to thank you for coming to provide us with your suggestions and advice. We appreciate your taking time out from your busy schedules.

Thank you.

We will take a short break while we wait for the next witnesses.

• _____ (Pause) _____

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• (1010)

The Chair: We're ready to resume our meeting this morning.

Today we have with us two individuals: Norman Ferris and Neil Withers. I wonder if you two gentlemen could in your presentations clarify for the record where the best lobsters come from, because there has been a lot of confusion. I appreciate you gentlemen coming in today to clarify the record.

Mr. Ferris.

Mr. Norman Ferris (As an Individual): My name is Norman Ferris and I'm a scallop and lobster fisherman from district 36.

Our industry is no different from potato farming or wood harvesting. We are all working with resources where consumer demand drives the price. Like them, we face the challenge of high costs for fuel, bait, gear, and equipment. We use the best technology to keep up with the times—state-of-the-art wire traps and electronics, bigger boats. We are catching more lobsters than ever and seeing more juvenile lobsters. The lobster stock is strong.

As entrepreneurs, our goal is a profitable and sustainable fishery. Measures to protect our stocks are as follows: V-notching female berry lobsters, trap limits, escape hatches, seasons, and measure control.

When there is a downturn in the economy, the first thing omitted is the luxury items such as lobsters. A drop in demand results in lower prices.

I spoke at three tourist seminars during the summer of 2008. There were usually 30 people at one sitting, and they're all Americans. They are interested in our fishing and how we catch lobsters. The most common question asked is, how do I tell if a lobster is fresh? They told stories of ordering lobsters in restaurants and finding very little meat in the shells. They said that had been their last order of lobster, either at a restaurant or fish market.

The practice of holding lobsters in a pound for four to five months and then selling them as fresh is degrading the quality of the product provided by the fishermen at the time of sale. If there was some way to mark the lobster with the date it was bought from the fisherman—even the month—this might hasten the product's going to the market and strengthen consumer confidence. The lobster is held to raise the price, sometimes to four times that paid to the fisherman, all the while deteriorating the quality and marketability of the product.

Dealing with buyers hasn't changed since the 1970s. We don't know the price we will be paid until the lobsters are piled on the wharf. It is never told until then. Back in 2006-07, some buyers had the lobsters three days before fixing a price.

We need a strong voice in tourism to promote our lobsters, both for the tourists and our fellow New Brunswickers. Let's discuss the situation we find ourselves in today. Our biggest market has been the United States, but their economy is severely depressed, with millions unemployed or living under the threat of lay-offs. It's not a good situation for lobster prices this spring.

How can our government help? Here are three suggestions.

One, if sales are so low that the EI requirement is not met, make an allowance to ensure income for the off-season.

Two, subsidize the price, and at the end of the season the fisherman applies, based on his sales slips, and the buyers have no input, claim, or control.

Three, establish a board or committee to control mark-up of fresh lobsters in the stores. For example, \$3.75 is paid to the fisherman; \$11.75 is charged to the consumer. Free enterprise is being abused.

•(1015)

The bottom line is demand. If we can increase the demand here at home, it will help stabilize the market.

Thank you.

The Chair: Thank you, Mr. Ferris.

Mr. Withers.

Mr. Neil Withers (As an Individual): I'm relatively new to the fishery. I've owned my own boat and licence for only four years. I'd board a boat every chance I could since I was probably 15, and I worked as a deckhand for eight or nine years.

In the last few years, the last year especially, we've seen the price drop dramatically, but if you go to the grocery store, the price remains the same. Somebody is making a pretty good dollar in between me and that grocery store. We need to get closer to the customer. There are too many people in between the fisherman and the consumer.

I fish scallops also. I was at Sobeys one day, and I saw they were selling fresh scallops for \$13 or \$14 a pound. We were getting about \$6.50 off the wharf from the buyers. I asked him where he was getting his scallops. He went out back and brought out a can that said fresh scallops from Bedford, Massachusetts. So here I am, catching them 20 minutes away, and he's buying fresh scallops for probably \$10 a pound out of Massachusetts. The majority of my scallops will be sold to the buyer and then sent to Boston or the Massachusetts market, and it looks like they're turning around and sending them all the way back. I approached him and said I'd sell them to him for \$7 a pound. I would be making more, and he would end up making more. But he said he couldn't do that; he wasn't allowed to buy them from me without a buyer's licence.

There's a lot of money being made in between. I'm sure it's probably the same way with lobster.

Our price keeps dropping, but the buyer will keep dropping the price to show the price he's getting. He's always making the same. I don't believe there's any loss for him. It's always passed down, so he always has the same margin. He's making 50¢ a pound, and if it drops \$1, he drops a dollar to us, so he's still making that 50¢.

Norman was talking about the quality of lobsters being sold. Basically, around the world people will buy the lobsters and they'll impound them for five or six months, and the lobster will deteriorate as they sit in these pounds. I believe if they are chilled, they'll hold their meat a little better, but they're not always done that way. So if you go into a restaurant in Toronto or somewhere and pay \$35 for a lobster, and you open it up and nothing but water runs out, are you going to go back and buy that lobster again? Probably not. That's one of the reasons we have to get closer to the customer.

I believe the government has to do more marketing for us. As individuals, we're pretty limited in terms of marketing lobsters around the world. You see the salmon being marketed quite extensively, but I believe the province has quite a bit of money invested in the salmon industry, in aquaculture.

That's basically what I have to say about the low prices. There's a lot of other stuff I'd love to get into, but I don't believe that is what the committee was formed to look at. I believe some of you have what I've written down here. If you have any questions about the other stuff, I'd be more than willing to talk about it.

There's one other thing. When I was just new and looking to get into this industry four years ago, I had an awfully hard time trying to find anybody who would lend me money to buy into the industry. I was looking for a quarter of a million dollars, which is a good chunk of change. The banks wouldn't recognize the licence as holding any value, so they couldn't hold it as collateral. I was buying an old boat worth \$20,000. That's all I had for collateral. I had to put my house up and find co-signers and everything else. The banks were out of the question. I had to go to the Charlotte County Business Development Bank. They were willing to lend me the money, but the interest rate was unreal, 10% or higher.

In another year, I'll have one of my biggest loans paid off, so I'll be able to breathe a little easier, but right now I can't make my income from fishing alone. Through the winter, I'll end up going to do some scallop fishing and through the summer I'll have to do construction work. You have to fill it in.

•(1020)

That's about it. I can't say anything else.

The Chair: Thank you, gentlemen.

Mr. Andrews.

Mr. Scott Andrews (Avalon, Lib.): Thanks, guys, for coming in today.

I'd like to hear how you got involved in the fishery and the challenges that may have hindered you from getting in. Are you an exception to the rule? Are there many other people trying to get in? Maybe we could talk a little about your experiences with the BDC and how they helped you. They now have some extra guidance in providing funding. How far did they go in assisting you?

Mr. Neil Withers: I'd been around boats for years and I loved it. I worked in B.C. for a year, in the forest industry, and came back home and decided I might as well do what I love, and that's fishing. I went back to work with an older gentleman as a deckhand. He was in his eighties, so I did most of the work, and I learned a lot. He's actually still fishing some with his son.

But I got back by doing that, and I told him that when he was ready to sell out, I'd be interested in purchasing. At one point, I thought he had sold it on me, because he didn't believe I could come up with the money. It was too much money for me, and he didn't believe I could get it anywhere. But then that deal fell through. He kept it for another year, and I told him to give me a year and I'd try to get things together. We fished together for another year, and that's when I started looking to borrow money to get into it.

The banks were more than willing to lend me the money, but they wanted collateral—the house, land, my parents' house, you name it, to cover the \$250,000. So then I went to the BDC, and they were very helpful. They said that they'd come up with half, \$100,000. And they passed another \$50,000 through Charlotte County. They were good. I give them my year-end statements every year, and they keep checking on me. I haven't had any problems with my payments so far, but I'm worried. Last spring, when the price was down some, I caught more lobsters and made up for it. If I hadn't caught more lobsters, though, I would have been in trouble. The BDC, if you have a bad year, add it on to the end of your term to make it up. But they were only people who would look at me.

•(1025)

Mr. Scott Andrews: Where do you see the industry going? From your perspective, being relatively new to it, where do you see the lobster fishery going in the long term? What about getting into it at this stage? Is there anything fishermen should be doing differently from what was done in the past? I'd like to get the perspective of someone who's new to it. Where do you see it going, from what you've seen in the past?

Mr. Neil Withers: Well, when I got into it prices were running at around \$6 a pound, almost double what they are now. My biggest worry was that I was new to it—did I know enough to catch enough to make the payments? In the first couple of years it was good. Last year I caught more lobsters, and I figured, well, this looks good. But I'm actually making less money now than when I started in the industry and didn't know as much about it.

As to where it's going in the future, I hope it's going to get better, because if it continues the way it is, and the price.... I'm just scraping by. Thank goodness my wife works to cover most of my payments. I'll cover my mortgage and what not, but it's tough at the moment.

As far as options for the future are concerned, there are lots of things being thrown around. Which is the best one I'm not sure. I don't know enough about the whole industry myself. All I know is how to catch them.

Mr. Scott Andrews: And going to a quota system would have definitely handcuffed you last year, because as you said, in your first couple of years you caught enough, but then when the price went down, you fished harder and you caught more.

Mr. Neil Withers: Yes.

Mr. Scott Andrews: So a quota system would be hard for someone in your circumstance to take on.

Mr. Neil Withers: Yes, in the first couple of years we caught around 8,000 a season. With the prices up, we did all right. But as you said, last spring and this fall when the price was down, if I hadn't caught those extra lobsters.... I don't know if I fished any harder. I

might have fished a little bit differently, and thankfully the stock was a little better. I believe the fishery was better overall.

Mr. Scott Andrews: How do you see us protecting that stock? From your experience, what would be the number one thing that we, you, everyone could do to protect the stock?

Mr. Neil Withers: What we're doing right now seems to be working, because in the last year or so my catch has gone up. There is a new fellow who has been doing it for just a couple of years. He's just young, he's only 22, and he's outfishing me. He's fishing harder than I am. He has a little bigger boat and he goes out in a little dirtier weather, but for him to just jump in and do that well makes me believe the stocks are healthy.

Mr. Scott Andrews: So you're fishing only lobster and scallops right now?

•(1030)

Mr. Neil Withers: That's all I have a licence for, and for the port I'm in, those are the only two fisheries there are.

Mr. Scott Andrews: How much did it cost you to get into the industry for a boat, a licence, the whole works—just so the committee can put it in perspective?

Mr. Neil Withers: Since I got in the prices have dropped. The price of licences has dropped because the price of lobsters has dropped. When I got into it four years ago, it was when the government handed all the money to the Indians and said, "Here is all this money, but all you can spend it on is a licence", so it drove the price of them up.

I kind of lost track there. What was the question?

Mr. Scott Andrews: How much did it cost you to get in?

Mr. Neil Withers: Altogether, initially it was \$200,000, and that was basically just for the licence. I got an old wooden boat and 300 traps. I ran the wooden boat for a year, and then a boat a couple of ports down came up for sale. It was a fibreglass boat, a lot safer. My parents encouraged me quite hard to get into a safer boat. They said, "If you need help, we'll get you into this boat", so that's what I did. I sold the old boat for about \$10,000.

Mr. Scott Andrews: Do you have anybody helping you, or do you fish alone?

Mr. Neil Withers: I have one deckhand. I might take an extra guy late in the spring when we're in a hurry, and maybe for the first week in the fall, when the catches are highest. We need a fellow just to... [*Inaudible—Editor*]...and we fish a lot longer days because that's when the lobsters are there. You have to get them when they're there. They move out of our area as the water gets colder.

Mr. Scott Andrews: Thank you.

I don't know if my colleagues have any questions.

Hon. Lawrence MacAulay: Thank you very much.

Mr. Ferris, on the committee we've heard a lot of talk about the need for storage and the need for the orderly marketing of lobsters. In your presentation, I don't think you were overly complimentary about some of the storage facilities for lobster. Could you elaborate on that?

Mr. Norman Ferris: Years ago, when they kept lobsters in storage, in captivity—I'm not talking about the small buyers, I'm talking about big buyers—they fed them. With new technology they've come up with a formula so that they can store these lobsters in tubes, chill the water down, and hold them longer. I've asked questions about what this product is like when it comes out. I'm told it's good. Well, I don't know.

For example, I've caught lobsters in January and they were about two and a half pounds. I brought them home and cooked them, and they had nothing in them to start with. So how do they say this lobster is their number one lobster in their pound when they sell it? Do they X-ray that lobster before they sell it? This is just an example. When you hold a lobster that long it loses its flavour. That's what you're looking for, that good flavour. It's almost the same as going into a Sobeys right now and buying a plum or a peach. If anybody has been to Niagara Falls and stopped on the side of the road and bought a peach or plum out of one of those baskets, they'll know that the ones you buy in the store are no comparison. That is the same way with any fresh product. I honestly believe that when you hold a product that long without feeding it, it loses its freshness.

The Chair: Thank you.

Monsieur Lévesque.

•(1035)

[Translation]

Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Thank you, Mr. Chair.

Mr. Ferris, do you believe that better advertising and a faster release of stocks would allow you to increase the quality of your lobsters? Would a greater number of buyers help you work things out? There could also be fewer buyers but with a more direct access to the local market or access to international distributors. Would that be preferable to having a local processor buying directly from you and then dealing with redistribution?

[English]

Mr. Norman Ferris: I think we have to have our local buyers. It's not the local buyers. They move their lobsters quite quickly, because they can't afford to hold on to them.

What was the other question?

[Translation]

Mr. Yvon Lévesque: Mr. Ferris, I was asking you about your ability to move your product quickly, and whether you had someone to market for you. In other areas, the suggestion was made that part of the income from the sale of licences be retained and that someone be hired to market the product in order to promote lobsters and share cooking tips to fully enjoy them. Would you agree with that?

[English]

Mr. Norman Ferris: Yes, I do. I believe marketing is the big thing. We have to get the word out to the tourists. I think that is a big

thing in our fishery. We have to get the word out to the people about the freshness. And we have to get it through tourism. I think that if the government could send a strong voice in tourism to market our product, it would be of benefit.

[Translation]

Mr. Yvon Lévesque: Thank you.

Mr. Withers, you mentioned how difficult it was for you to obtain cash from the banks. You had to turn to the Business Development Bank and the Bank of Charlotte County, which, if I am not mistaken, lent you \$500,000. I take it that is a local development agency.

Did having to do business with those organizations lead to additional costs compared to what the banks would have charged had it not been for the credit crunch?

[English]

Mr. Neil Withers: I believe somebody here might know the Charlotte County Business Development Bank. It's local. They have a flat interest rate of 10%. It's very difficult to borrow money from the local Bank of Montreal or the Bank of Nova Scotia. They want collateral for everything, and a licence isn't considered as having any value because it's basically government owned. I believe there have been some court rulings here lately that are in the process of changing that. There's a bank going after a fisherman to make him sell the licence and give the bank the money.

But in terms of whether there was more cost to go with the BDC, I don't believe there was any more cost than in having to go with a normal bank like the Bank of Montreal. We had to do a lot of paperwork and have a lawyer involved to draw up.... I don't know all the terms for all these papers I signed, actually. I just wanted to go fishing. We had an accountant involved. When I got into it, the fellow I was buying out created a company, then I created a company. Then my company bought out his company, and it saved a lot of money in taxes. It allowed him to drop his price some and just more or less run it through loopholes to save me money to get through to it.

I hope that answered your questions.

•(1040)

[Translation]

Mr. Yvon Lévesque: In the event that the Department of Fisheries and Oceans could help you buy out a company and taking into account its profitability up until then, if the department, having confirmed the sustainability and soundness of your plan, provided you with loan guarantees, would that help you? Having such loan guarantees would probably lead to lower borrowing costs.

[English]

Mr. Neil Withers: It certainly should lower the cost to get into it. DFO would have an idea of what's going on in the fishery and be able to see better into the future. If you go to a bank and there's a fellow sitting there in a suit, all he sees are numbers in front of him. If those numbers don't add up, then you don't get your money. But if you had a committee from DFO, or a loan board type of thing, they could look at the fleet as a whole and see that it is healthy and looks to be healthy. It would probably be easier to get the money that way.

The Chair: Thank you.

Mr. Stoffer.

Mr. Peter Stoffer: Thank you.

Neil, it's good to see younger folks getting into the industry. The older fishermen are still going out there, but who's going to catch the lobsters in the future? It's good to see you sitting here as well.

You talked about the difficulty in accessing credit to get a loan. In Nova Scotia, the provincial minister recently announced new provisions for credit assistance through the provincial loan board for fishermen. What happens here in New Brunswick? Is there a loan board in New Brunswick that could assist fishermen in getting into the industry?

Mr. Neil Withers: I believe there's a boat loan board. I'm not sure. You can borrow money to buy a boat, but I believe it has to be a New Brunswick-built boat. As for money to get into the fishing industry, I was never pointed toward anything like that.

Mr. Peter Stoffer: It's something we can ask the government officials down the road.

Mr. Ferris, how many buyers are in the area?

Mr. Norman Ferris: In our area, the port we fish out of, we have five buyers I know of. There's a buyer on Deer Island, another on Grand Manan, and one on Campobello. There are two buyers in the Alma area.

Mr. Peter Stoffer: Are these buyers established? Have they been in the business for a while?

Mr. Norman Ferris: Yes.

Mr. Peter Stoffer: I ask because yesterday we heard from Colin MacDonald, the CEO of Clearwater, and he used the term "Klondike". Basically, in southwest Nova Scotia you can get in your truck, buy a bunch of lobsters from a guy, and off you go. You can sell them wherever you want. He says it's easy to do. I think he even said any of us could have done it. I'm wondering how it works here.

Neil, you've been in the industry now for a couple of years. Do you have a steady buyer you sell your lobsters and scallops to, or would you switch if a guy offered you, say, 25¢ more a pound?

•(1045)

Mr. Neil Withers: There's a buyer here in Alma I sell the majority of my lobsters and scallops to. But if somebody came along and offered me more money, I'd have no loyalties to this fellow.

Mr. Peter Stoffer: What about your honour?

Some hon. members: Oh, oh!

Mr. Neil Withers: I have to make a dollar, so if somebody offered more, I'd have to take it.

Mr. Peter Stoffer: In New Brunswick, is it that easy to get a licence to sell?

Mr. Neil Withers: I have no idea.

Mr. Peter Stoffer: In Nova Scotia this year, especially around the city of Halifax, with the price of lobster at \$3 or \$3.25 a pound, a lot of fishermen decided that their best option was to sell the lobsters off the back of a truck. We had a fair number of vehicles, pick-up trucks—nice-looking ones, too, I may add—in the Halifax area selling

lobsters. The people were lined up to get bags of lobsters at \$5 a pound, and off they went. Was that happening in New Brunswick?

Mr. Neil Withers: Our fishery starts in the fall, the second Tuesday in November. I think the last time I got my buyer down was December 2. I fished for another three weeks and sold everything at \$5 a pound.

As for those guys driving the nice pick-ups, they probably got them two or three years ago, and now they're trying to pay for them.

Mr. Peter Stoffer: Charlotte County has a large concentration of aquaculture sites for salmon. In our other reports, we heard about the concerns that open-net aquaculture sites have on other species within the water. Do you fish anywhere near those aquaculture sites?

Mr. Ferris, when you talk to older fishermen, have they noticed a change in and around those sites? It's nice to hear that lobster stocks are up. You're catching record levels, so it would seem that the aquaculture sites had no effect on the habitat, but other people are saying it does. As a fisherman, have you noticed any changes? Mr. Ferris, in your discussion with other fishermen, have they noticed any concerns over the years around those sites?

Mr. Norman Ferris: Yes, they've noticed a difference. A lot of sites have taken up a lot of bottom that the fishermen fished on, so they've lost that. They have noticed a difference, but I don't know what it would be, maybe a little more sludge. In any case, they did notice a difference fishing around those sites.

Mr. Neil Withers: Where I fish, there are no aquaculture sites. But I've talked to a lot of people who fish around them. They shove you out of areas you fish, which puts pressure on other areas, which puts pressure on other fishermen, just like a domino effect. It's the same thing off Saint John, where you get the LNG refinery. They talk about tidal power now, and that's all taking area away from us and shoving us into a smaller area to fish.

I was in a meeting a couple of weeks ago, and a fellow was talking about diving under a salmon net, and he couldn't believe the number of dead lobsters underneath it. I don't know if something was added to those holding facilities to kill the sea lice, but he said the bottom was covered in dead lobsters. So aquaculture is a great concern.

The Chair: Mr. Calkins.

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

I just wanted to set the record straight. I think lobsters are best eaten in Alberta, no matter where they're caught.

Gentlemen, I'm an Albertan who's very interested in the fishery. I grew up on a farm and I see a lot of similarities between being a farmer and being a fisherman. You're a price-taker. You have no control over your input costs, and you have no control over the price that you're going to get. In Alberta right now, and particularly in western Canada, the average age of a farmer is just over 60. We joke out there that when a father hands a farm down to his son he should be charged with child abuse.

Like you, Mr. Withers, most farmers have to subsidize their income. We call it a farming habit. You seem keen on fishing, and you're subsidizing your fishing habit by working in another area, whether it's forestry or construction. Of course, in Alberta many of us flock to the energy sector when we have to do that.

So I see a lot of similarities here. I see a lot of frustrations, and I'm empathetic. I'm looking forward to an opportunity to make some recommendations that I hope will help your industry.

We keep talking about record levels and record catches. When we were talking to Colin MacDonald, chief executive officer of Clearwater Seafoods, he said there were more lobsters out there than ever before, but the quality is not great. He brought up the quality issue, Mr. Ferris, and the word "Wal-Mart" was mentioned, though I have never ever seen a lobster for sale in a Wal-Mart.

Last fall during the election campaign I stopped in at a Subway restaurant, and they had a lobster sandwich. When I was going through university twenty years ago, the only place you could get a lobster in Alberta was at a high-end restaurant, and now we're putting them in sandwiches at Subway. We talk about record catches, but I don't know if that's necessarily the best thing in the industry. Maybe we need to catch less, sell them at a higher price, and keep them in the upper echelon. That is a tough thing to say during an economic downturn, when there's less demand for the luxury items, but I'm wondering about your perspective on that. We're basically turning lobster into hamburger and serving it in restaurants, and I'm not sure that's doing your industry any favour.

Do you guys have a comment on this?

• (1050)

Mr. Neil Withers: It's nice to get the lobster out there—more people get a taste for it. As for Subway, more people run through Subway in a day than through any high-end restaurant. I haven't had much time to think about it, but off the top of my head I wouldn't think this would be a terrible thing, because more people would be tasting it. But if they end up with one of these lobsters with nothing in it and no flavour, that wouldn't help at all.

So I guess it could go both ways.

Mr. Blaine Calkins: Mr. Ferris.

Mr. Norman Ferris: My daughter is in Alberta, and when she comes home our season is usually closed, so every time we go somewhere she's looking for a lobster. If we stop in at a place to have dinner, she'll order lobster. Anybody who has tasted it when it's fresh will keep going until they find it. At least, that's the way it was for her.

Mr. Blaine Calkins: One of the things that strike me as odd here—and I think I got a bit of an answer for a question I had in mind—is why are we catching lobsters in April and May that we're selling in November? Why aren't we catching them in November, ready for market? Is it the migration of the stock? I heard you say, Mr. Withers, that they're here for only a certain amount of time.

It doesn't make any sense to me that a company would go through the expense of storing a lobster that they have no intention of selling or know they can't sell for five or six months down the road. You have the moult; lobsters moult once a year. I'm sure the timing is different throughout the region, but if DFO knows when that is, why

are we doing a rush for the fish in a few weeks, putting a glut on the market for the most part, storing these lobsters and paying incredible costs to chill water down to two degrees? I don't know what the carbon footprint is on that, but it just doesn't seem to make any sense to me.

It's one thing for a farmer to stick his wheat in a bin. It will keep for years. But to get a product like this fresh to the market, why are you catching so much of it so far away from when you're going to market it?

• (1055)

Mr. Norman Ferris: Could I answer that?

On the south shore they open November 26, I think. When they take our lobsters, they're not sure how good the south shore is going to be, weather-wise or whatever. So they hold a lot of our lobsters until they find out what the south shore is going to do. The reason for that is that they don't want to lose the market. If somebody calls them and says they want 10 tonnes of lobster, for example, they have to make sure they have that lobster on hand. I think this has a lot to do with holding the lobsters.

When a big glut hits, if the south shore has a big season, which they usually do, then we have a problem, because we have all these lobsters caught in October and November, and a lot of them are still in the pounds. That is one of the problems.

To keep that market, it's going to cost, and you're going to pay for it one way or the other. That's my view on it.

Mr. Blaine Calkins: The other thing I'm going to ask is on something that was brought up when we were in the Magdalen Islands, when an individual who appeared before the committee saw the relationship between agriculture and fishing and was actually calling for an amalgamation of agriculture and fisheries into a common department so they could have access to some of the financial programs that are available to farmers. We usually call these income stability programs.

I'll give you an example. There's a program where a farmer, during a good year, can take excess money and, rather than pay taxes on it or reinvest it in equipment if they don't need to, can put it into a tax-deferred type of account. Then during a year when they might have a bad crop or bad conditions related to the weather, when it's no fault of their own, they can draw down on that account. If they don't draw down on that account, they can pay the taxes in that particular year to help them meet their bills.

The problem is that you have to make enough money in the good years to be able to put a little bit of it away. But at the end of their career, that farmer can then use that account as a retirement account and draw the money out after they sell their farm, use it as retirement.

Has there been any thought given to accessing some type of income stabilization? When you have those good years, you're encouraged by your accountant to buy a new boat or a pick-up truck, or whatever you need, to avoid paying taxes, but when the tough years come along you're stuck with the payment on the truck that your accountant told you to get, and you don't have access to any funding to help get through the leaner times.

Do you guys have any ideas for our committee about some programs the government could put in place that don't really cost the taxpayer anything but would allow you to use more of your own resources and your own profit to keep your businesses afloat?

Mr. Neil Withers: We've never thought of anything like that. It's the first I've ever heard of any program like that.

Mr. Blaine Calkins: Is the fishery profitable enough during the good years that you could put \$10,000 or \$15,000 away in a given year and still make enough money? In some areas, I hear that it's not enough. Looking at the different LFAs throughout Atlantic Canada, I think it's a different situation. But I'd be curious to hear if you guys have any ideas or suggestions along those lines.

Mr. Neil Withers: In the last three or four years my biggest worry has been making those payments. It's \$9,000 a season, and then there's interest on top of that. So there's over \$20,000 going to my banks. That's my biggest concern right now, getting them paid off. There would be no extra to go anywhere.

Mr. Blaine Calkins: Is that a typical situation for most fishermen, that there's just not enough there, that a program like that wouldn't have much uptake? Is that fair to say?

Mr. Norman Ferris: Every year we invest a lot in gear—rope, buoys, traps, and boat maintenance. That's what we try to keep up mostly. The biggest retirement package is what we're standing in, the boat and the gear. That's our retirement total.

• (1100)

The Chair: Gentlemen, on behalf of the committee, I'd like to thank you for taking the time today to meet with us and provide us with feedback and recommendations.

We're going to take a short break while we set up for the next presenters.

Thank you very much, gentlemen.

• _____ (Pause) _____

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• (1110)

The Chair: Could I ask the members to please take their seats so that we can get started?

We have with us Mr. Steven Thompson and Mr. Dale Mitchell. They're going to be presenting as individuals this morning.

Gentlemen, I'd like to thank you both for coming to meet with the Standing Committee on Fisheries and Oceans. In case you didn't hear earlier, there are some time constraints that we try to adhere to. We generally provide 10 minutes for presentations. The members have specific timelines that they are required to adhere to for asking questions, as well as for the responses. I'll guide you along in that sense if I think you need to speed it up or whatever.

Starting off will be Mr. Thompson. You're going to make some opening comments, Mr. Thompson?

Mr. Steven Thompson (As an Individual): Yes, thank you.

I'm a lobster fisherman from Chance Harbour, New Brunswick, and I fish district 36. I had my first lobster licence in 1964, so my memories go back a few years. I can speak from personal

observation only, and from talking with the older fishermen. Never in the history of area 36 has the lobster catch been as good as in the last 12 to 15 years. There are unheard-of catches in area 36.

Here's a personal observation. For me, looking out the windows of my 160-year-old ancestral home, it was common to see several purse seiners with purse seines out on any fine winter's day in the 1960s. Along came quotas and dockside monitors. There are no more sardines, and no more purse seiners. Jump ahead to the late 1970s and 1980s. Several boats out of Chance Harbour are catching good catches of codfish. Along came quotas and dockside monitors—no more codfish. Perhaps you can see where this is headed. Quotas and dockside monitors mean no lobsters. To use a tried and true saying, if it ain't broke, don't fix it. Instead, DFO wants to foul up a good thing by using Red Green's saying: if it ain't broke, you're not trying hard enough.

The increase in catch in area 36 may be attributed to many factors, some of which may be that we in area 36 gave up 75 traps, reducing the trap limit from 375 to 300 traps. We gave up two and a half months of open season. Enforcement of regulations has improved greatly in the last few years, thanks to the dedication of enforcement officers. And the decline of predators—codfish, hake, pollock, and catfish—has no doubt increased the lobster catch. All these factors, along with having a season instead of a quota, along with an increase in carapace size and no quota for dockside monitoring, help guarantee the sustainability of the fishery.

In conclusion, I say there should be no quotas on lobsters and no dockside monitors.

There's one more thing. A change that could be made in the lobster fishery is to go back to the owner-operator role. And I mean owner-operator, not some agreement that makes the operator look to DFO as if they were the owner.

Thank you.

• (1115)

The Chair: Thank you, Mr. Thompson.

Mr. Mitchell, do you have some opening comments?

Mr. Dale Mitchell (As an Individual): My name is Dale Mitchell. I also live and fish in area 36, on Deer Island, New Brunswick. I'm a multi-licence holder. I fish in winter for scallops, in spring for lobster, in summer for sardines and herring, and in fall for lobsters. At one time my income was split at about a third from each. Now it's about 80% lobsters because of the much larger lobster catches, more than I ever thought I'd get.

I brought with me a set of my landings and prices. I don't want to give them out publicly. But 20 years ago, in 1988, the price of lobsters started out at \$4.55 and ended up at \$4.85. That's 21 years ago, so we can see that our lobster prices have gone up \$7.60 one year and down last year.

Last fall, September and October, we watched Maine prices drop to \$2 U.S. We had the same feeling as after 9/11. At that time, the market dipped as bad but picked up again during our season in November. The same rumours were floating this year—the processing industry in northern New Brunswick had too much inventory, restaurant sales were slow, people have turned to other products, the Canadian dollar was high. This time we could see the stock markets declining, U.S. banks being propped by the government, hedge funds losing money, jobs disappearing, high fuel prices, and general pessimism.

What choice did we have? We had hoped for good prices and good-quality hard-shell lobsters. Then we heard the price, which was \$3.50 for most buyers. My usual buyer set his price at \$3.90 for under five-inch carapace size; and \$2.30 for jumbos above five inches, mostly going to processing. This was my usual buyer, but I'll sell anywhere if I can get 5¢ more. My buyer buys at a two-price system. We reward people who catch fewer jumbos, and encourage people to land better-quality lobster.

On a one-price system, the buyer looks at the price mix for all his fishermen and does an average. Those with fewer jumbos lose, and those with a high jumbo mix gain. On a single price, the idea is to catch as many as you can, with no regard for quality or size. The Nova Scotia rumours came out last fall that by December 15 they would stop buying, because of too much inventory. When Nova Scotia 34 opened in late November, our price fell 25¢ everywhere, but on Deer Island, where I fish from, it stayed up at \$3.60 or \$3.70.

I had a chance to get 5¢ more from someone else, but I was scared to change. I was afraid that this buyer might take me on and then drop me, because he might quit buying. I figured it was better to stay where I knew the guy I was dealing with. For the first time in 32 years, my buyer was telling me that he could not exceed his credit limit, which before he could increase with just a phone call. If he was not selling enough lobsters and wanted to hold some, he could up his credit limit from the Bank of Commerce with a phone call. Now he said that the bank told him that he needs to come in and do all the paperwork, and maybe they'll let him increase his credit and maybe they won't. He was worried about moving his lobsters.

Jim Flaherty is right on this point: the credit crunch is hurting everybody, including lobster fishermen. In the November-December period, I checked on the market, and the American dollar was trading in a 15.6% range during the opening of our season. That's a hard job for buyers. It made it bad, up and down. Even Europe was often dealing with American dollars. That was bad. A lot of things were going on that made you wonder what was happening.

My buyer was also saying that lobster wholesalers were slow in paying him. I was in his 500,000-pound tank house around December 15. It was almost empty. He planned to have it cleaned out by the New Year's but preferred to have it done it by Christmas, which he managed to do. At that point he was glad that they were gone and that he wouldn't have high hydro bills for the winter, what with holding a lot of inventory. He had nothing to sell and was glad of it. He claimed to be ahead and happy.

Between Christmas and New Year's, I called a minister friend of mine on Cape Sable Island, district 34. He said lobsters were jumping every day in price. I held 1,200 pounds at this point. I got

\$4.20 for them and thought I had done great. I called back in four and five days, and the price was \$5. In a few more days, it was up to \$6.50. This was after New Year's, when even in the best of times lobsters usually drop in price because of a drop in demand. What happened?

• (1120)

I think the low price for fresh lobster markets helped. It got a lot of publicity on U.S. and Canadian TV and radio. Fishermen selling in Atlantic Canada from the back of pickup trucks helped Superstore and Sobeys and other retailers to lower their price, which they had not done until this point. We were getting \$3.50; in Saint John lobsters were still \$11.95 for a pound-and-a-half lobster. This is a huge fault of the whole system. It seems that whenever the price drops to us, there's not a drop in the price on the retail end of it. It seems to just happen on our end, much like the farmers, as we were saying earlier. I don't understand this at all.

One announcer on *Canada AM* said on December 30 in Toronto that she could not buy any fresh lobster at three different retailers she had been to. There was just no lobster available in that area, which was good, I thought; it meant we were getting the product through. It just shows the low price did get our inventory moved.

One fellow, a local buyer, claims the big companies got together over Christmas, added up all the held inventory for the next four months—because they basically knew most lobsters were spiked and the catches were dropping at that point due to cold water—and said, “Yes, we can raise the price”, and that's what happened. In my opinion, when the price does go above \$7 for the boats, lobsters get priced too high, so people stop buying them and substitute another product. The price then has to go dirt cheap to get people interested again in buying.

Where do we go? It's the end of March. We hear there's a huge inventory of processed lobster in northern New Brunswick. We are seeing the world economy slowing, with 300,000 to 400,000 Canadian jobs being lost this year and four million to five million U. S. jobs being lost this year. Many of these jobs are banking and union jobs, which are good-paying jobs that give people disposable income.

One of my ideas to help the price in the future is to land more first-quality lobsters. An example would be to land no more one-claw lobsters, which end up in the processing industry and help to glut that industry. The same applies to jumbos, which also usually end up in that industry. We need to do away with the mindset of landing anything that floods the market and lowers the price because of our one-price system. The jumbo, if left on the bottom, will stay there to breed, and the one-claw lobster, within a couple of years, will grow that claw back and be able to be sold as first-quality lobster. However, can we trust the industry above me, the wholesalers and the whole way through, to reward the fishermen for landing a better-quality lobster, or will they just drop the price for the lower quality? We have no way of knowing.

Then there is the question of tank houses. Deer Island, where I live, and Grand Manan were a couple of the few places you could hold a lot of lobsters in open tidal pounds. At that time they were fed on a regular basis, and many times the lobsters gained weight there. Now these tank houses are all over the place. Have you heard this before? They can build them anywhere. Clearwater has one in Kentucky, I see in *The Economist* magazine, because it's the closest place for FedEx to ship from. Lobsters are held there in refrigerated tubes at 37 degrees for months. This reminds me of a bear that is fat in November, hibernates for several months, and comes out thinner in the spring. We know lobsters have a higher survival rate in the tank houses, but their protein or meat count is lower than that of lobsters held in traditional tidal pounds.

In the fall fishery, we have a lobster that is not completely filled out because he or she has shed in the fall. It is put in a tank house, held for four months, and sold for a watery lobster dinner at a premium price. An example of this is that in March and April of last year Nova Scotia fishermen who had rented tank house space hadn't move the lobster because of the low price in the space they'd rented. They took the lobsters back aboard the boat and out to sea when they went fishing again, mixed them in with their fresh-caught lobsters, brought them back to shore, and tried to move them at a higher price, because a tank house lobster always has a lower price than a fresh-caught lobster, due to poorer quality.

Those Canadian lobsters arrived on the market in New England. The price of all Canadian lobsters dropped at that point, one reason being that Canadian lobsters were perceived as being of low quality due to these poorer-quality, watery lobsters being mixed in with the others. It just shows what can happen. One thing can ruin the selling price on the shortsightedness of a few fishermen.

In many cases the local dealer is disconnected from the process. He is on a commission to connect the fishermen with a larger company. His only interest is to buy as many as possible, with no regard for quality. At a meeting two weeks ago I heard a buyer say he had no idea what happened to his lobster when it left his wharf. He needs to be educated and connected to the buying process.

• (1125)

In terms of conservation, DFO has talked for at least 15 years about protecting more spawning biomass. First a jumbo measure, a carapace of 5 to 6 inches and above, was mentioned to us. This would have helped breeding and removed poorer-quality lobsters from the market. Lately I have heard talk of a window, which means not fishing lobster roughly from 4 1/2 inches to 5 1/4 inches carapace size.

The Chair: If you could start to wrap it up, it would be greatly appreciated.

Mr. Dale Mitchell: It meant fishing at a jumbo size, which the market does not want. Conservation and social economics need to go together. Too often I see a real disconnect between DFO science and economics.

Winter closing. Three districts in the Bay of Fundy, Grand Manan, and southwestern Nova Scotia—districts 33 and 34—should be closed for a two-month period in the winter to help the market to absorb the stored product from the fall fishery. There is a fear by lobster wholesalers if you have a mild winter and add unforeseen

fresh lobsters to the market. Most lobsters have moved offshore, and those caught are the larger size, which also hurts the brood stock. It is not a large fishery, but it does keep the market nervous. To do this, however, we need to increase the quality of tank house stored lobster. More research is needed by DFO in this, I think.

The winter closure was discussed last fall, in December I think, in southwest Nova Scotia for a closure from January 15 to March 15. This did not happen, though.

I must say, this winter fishery is supposed to get larger. In a few years it has grown in size, and I think the buyers seem to feel it affects their price quite a lot.

Overcapitalization. The lobster fishery has become overcapitalized. The boats have become much more efficient, but also a lot more costly. With the high catches and the high prices in the early part of the decade—

The Chair: Mr. Mitchell, apparently the translation is having—

Mr. Dale Mitchell: I can go faster, not slower.

Voices: Oh, oh!

The Chair: Mr. Mitchell, maybe I could get you to wrap up. We could address some of the—

Mr. Dale Mitchell: About another minute and a half, I can do it in. With the highs, I go faster.

Fishermen shortsightedly bought too many expensive boats and licences. With DFO outfitting native groups, a licence in my district, 36, went from \$25,000 to \$400,000. A licence has now dropped back to \$100,000, which is still too high, but it is now following a trend to make them affordable.

My congratulations to DFO for trying to turn us back into owner-operators.

Spring season changes. Around the first of May lobster fisheries open in Newfoundland, the Magdalen Islands, the eastern shore of Cape Breton, some in northern New Brunswick, part of P.E.I., and Gaspé Peninsula. Southwestern Nova Scotia lands 80% of the spring lobster in May. Grand Manan, mainland New Brunswick, and the Bay of Fundy are also open, and also this area around here. There's a huge amount of lobster landed, along with the New England fishery, at this time of year. We should be looking to spread the fishery out over May, June, and July. Our district voted 90% in favour last year of an April closure and fishing into July for the 2008 season. The surrounding districts, by political means, stopped us. What a help it would have been last year if this had been spread over the longer period.

I'll skip some.

Advertising. A month ago I stood in the fish aisle in a Costco in Montreal and watched shoppers for 20 minutes or so. Frozen salmon moved steadily, but frozen cooked lobster, a pound and a half each, never moved, not one. Not a big price difference either. I was telling a buyer when I got home. He said, "You don't see lobster on cooking shows very often." We need to better educate consumers on all the ways to enjoy lobster, maybe on these cooking channels. DFO or the government could do some advertising or really help to build that up, just so people know there's more that we can do with lobster.

My wife works in a small office in Saint John, with I think 12 or 14 people. Those people would never buy a lobster in a store, but they buy 700 pounds from us in the course of a fall or spring. I don't know why that is; it just is a thing.

Trap limits—and I'll make this shorter here. Maine has cut back on the trap limit from 2,500 to 600 or 800 traps in the last five years, with no loss of catch. The catch was just as high then. Obviously their catch per trap has gone up, and their costs have to have gone down, if you commission that many fewer traps. My question: why are we still fishing 375 traps in some districts in this area? We should be looking to the bottom line of profit, not seeing how quickly we can land lobsters. All you're going to do in that case—in my opinion, what I have seen—is spread the catch out over a longer time, instead of getting that high spike at the first of the season. It would be a help there.

Pricing. As I said earlier, I have my own lobster car and hold some lobsters, but it's getting harder and harder to do, with so many rumours in Nova Scotia being such a big part of the whole thing. Is there any reason why fishermen and dealers in the Bay of Fundy, all sharing the same resource, all fishing a small season, all relying on the same market, can't trust each other enough to work out a price by October 1 that we could all live with and that would allow the dealers to go to the world and guarantee a stable selling price throughout the season? We need more trust among the whole thing.

I'll stop there.

• (1130)

The Chair: Thank you, Mr. Mitchell.

Before we proceed to the questioning, let me say that one of our colleagues will be leaving us; he has to catch a flight. I want to thank Wayne Steeves, the local MLA. He's going to give him a drive to the Moncton airport. Wayne assures me you'll be a changed man by the time you get to the airport, Mr. Stoffer.

Mr. Stoffer, do you wish to speak?

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

Thanks to our witnesses as well, and thanks to the committee for doing the tour. I thought it was very good information, and hopefully we can up with a unanimous report with recommendations to help the minister and the department move this issue forward. Once again, thank you.

I would like to generously donate my short five minutes to my colleague Mr. John Weston.

Thank you very much.

The Chair: Mr. MacAulay.

Hon. Lawrence MacAulay: Thank you, Mr. Chairman.

Welcome to the witnesses. Thank you for your time. This is excellent reading, I must say.

Mr. Thompson, I'd like your opinion. You were talking about the catch having improved over the years and the regulations having been changed. Do you feel that the regulation change in the fishery has much to do with the increase in the catches, and do you feel that the regulations are put in in a proper way, with consultation with the fisheries groups? What I'm asking is whether you think it's from the bottom up or from the top down.

Mr. Steven Thompson: Certain regulation changes have no doubt helped increase the catch. The increase in capture size no doubt has been a help. I believe that over the last few years there has been a considerable improvement in enforcement of regulations governing the fisheries.

Hon. Lawrence MacAulay: Thank you very much.

Mr. Mitchell, I was following what you had to say. Obviously you are well informed on what is taking place. What seems to happen is that a lot of fish comes in all of a sudden, and there has to be a way for at least orderly marketing to make sure you get the best dollar for your fish.

What do you think? We hear so much about storage and pounds and we hear that they are not good quality. Then we hear from other groups that they are good quality and they're stored properly. I'd like your opinion on what should take place. Just what should happen? We know there are pounds all over the place.

You mentioned the first lot, when you went to sell lobsters for \$4 or around that price. Before you managed to sell the last of them, I believe you got up to \$6. That's pretty important to the bottom line, as far as I would be concerned.

Mr. Dale Mitchell: Yes. I think we need lobster storage. Deer Island was the capital of lobster storage for years in open tidal pounds. It was pioneered there. We had the best tide range, we had no fresh water there, and six to eight million pounds and as high as ten million pounds were stored over the summer months on Deer Island.

Hon. Lawrence MacAulay: Were they stored properly, in your opinion?

Mr. Dale Mitchell: Yes, they were stored properly in tidal pounds. I don't know what happened. Some of the buyers feel, some with pounds, that the salmon aquaculture industry came and located close to the pounds, and where those came they started taking huge losses, as high as 20%, on their lobsters. There is a feeling—no one can prove it.... In one pound they did: they got avermectin, illegal chemicals used in salmon cages, into the lobsters and killed every lobster in the lobster pound in Back Bay in New Brunswick. It was in court. It was never settled. For three or four years, the law court.... Rodney Weston may remember this; I don't know.

The Chair: I don't remember that case.

Mr. Dale Mitchell: Illegal chemicals were being used, and they killed all the lobsters in the pound. They all died.

The lobster pounds sometimes took more weight out of the pounds than they put in, because they fed them on a daily or weekly basis. Now, in our area, no one has pounds for lobster. The pounds have all fallen down, and they've gone to tank houses. The fellow I sell to has a tank house. Definitely his lobster is not as good a quality as pound lobster; however, he has about a 2% or 3% shrinkage, versus as high as 20% the last few years. He just couldn't afford to keep them in pounds anymore.

But we got out of pounds. Those lobsters, as I said earlier, migrate through. There is a migration of those lobsters through our area at the end of May into June, and we need that...and maybe into July. We don't know. We aren't allowed to fish in July.

I think we need to spread those seasons out more so that we have more fresh-caught stuff, so that there is no huge spike in the processing industry, and everybody in May and June can spread some of the cash into July, as long as we can land hard-shell, good-quality lobsters, in July. I don't know whether we can do that or not. I think we can in the first two weeks in July, but not much longer than that.

• (1135)

Hon. Lawrence MacAulay: Of course, you then feel that we need some kind of method to make sure there's an orderly marketing process.

Mr. Dale Mitchell: Yes, we do. I think we need some research into tank houses to find a way of somehow stopping the protein loss in the tank houses. Surely there's some research that DFO or someone can do on that. Maybe there's some way we can feed them in the water. They're pumping water to them all the time, but the lobsters are in a comatose state, almost. I'm wondering whether there's a way of somehow feeding them or finding a way to work this through that would help.

Hon. Lawrence MacAulay: Your fishery is strong, your catches are up, but this area is not in what....

What is your feeling about the government putting a retirement program in place in difficult areas in order to take the strain off the resource?

Mr. Dale Mitchell: I don't agree with that, myself. I think it will work itself through. People will stop fishing if they have to. I live on an island with a captive population of 800 people who work. Every time we lose a fishing licence on Deer Island, we have lost three of the natives. That's nine jobs gone from Deer Island. When you see that, it hurts.

I like to see people fishing. I love to fish. I grew up from the time I was eight years old to be a lobster and sardine fisherman.

Hon. Lawrence MacAulay: I can tell.

Mr. Dale Mitchell: I've loved it every day of my life. My son fishes with me; that's another plus for me. I hope my grandson can fish with me someday too. I'm looking to stay in it in the long term, I can tell you that.

Hon. Lawrence MacAulay: You also mentioned, when you were giving your presentation, the situation between the fisherman and the

buyer or the processor, and I'd like you to comment on it. You feel that there's not enough contact, I would take it, or not enough information sharing.

Mr. Dale Mitchell: We don't understand what goes on. We hear a lot of rumours. The fellow I sell to seems to give out more information than most people; don't ask me why. I think he has a loyal group of people; he seems to be able to.... But I don't trust him completely, either.

Some hon. members: Oh, oh!

Mr. Dale Mitchell: He just left here.

Hon. Lawrence MacAulay: Thank you very much.

The Chair: Mr. Andrews.

Mr. Scott Andrews: Mr. Chairman, I have just a couple of questions.

Thanks for coming in.

We've had a little discussion about trying to protect the jumbos that you mentioned. Give us some idea of how much of your catch consists of those.

And do you want to explain a little bit more about conservation? It's interesting to hear your comments about dropping the number of traps but catching the same amount of product, and that being of some benefit.

If you would, please explain a little more on those two subjects.

Mr. Dale Mitchell: I'll answer the second question first. This was not in our district; it was in Maine. Maine is dropping from 2,500 down to 600 to 800 traps, according to the different places, and the catch has not fallen. New Zealand and Australia have done the same thing for their rock lobster; their catch has not fallen. But I think they have spread the catch out over a longer time, which is better.

I've seen 25 lobsters in a trap, but not very often. Eight or ten or fifteen lobsters is a lot to see in a trap, and sometimes there are none; I can tell you that as well. A lot of empty ones come up in a season, too. I think we could get our trap limit and increase the whole thing. There would also be fewer traps lost and less ghost fishing. All those things would be a help to conservation.

Concerning the jumbos, there are more jumbos now. My father told me that when he started fishing in the 1940s, there were a lot of jumbos. They seemed to be fished out, but now we seem to be getting many more jumbos. I have records here....

I don't give my records out—they're personal—but I brought them with me. Fishermen are very secretive about what they have done, I can tell you. I'm up to 15% to 20% jumbos in our area. I know that because my buyer separates his catch out, so I sell the jumbos at a different price. He's the only buyer who does that in southern New Brunswick. Up to roughly 20% or 25% jumbos, you gain on the two-price system; above that, you're better off to sell in a one-price system. He gets people who are catching a better quality—I caught a better quality and better size mix—more than other buyers do. He encourages this himself.

•(1140)

Mr. Scott Andrews: How would you tie the returning of the jumbos into V-notching? We've had a discussion over the last few days about V-notching. It's a practice used in the States, but not as commonly used here.

Mr. Dale Mitchell: V-notching is voluntary. The fisheries department could never prove whether you're V-notching. If you return that lobster to the water, you know she is going to spawn. That mandatorily shows it's going to work. Even in Maine, V-notching is not mandatory, so how do you really know how many are being V-notched? I V-notch some; most people at home just don't V-notch.

Our fishery on Deer Island has a higher percentage of jumbo lobster than most places in our district; therefore, people at home want to catch those jumbos, and they get bigger. My brother-in-law, the brother of Maureen, who is sitting right here, catches a much higher percentage of jumbo lobsters than I do. I don't know why, but he does. People like him don't want to lose the jumbo fishery; I'll say that. To make it a fishery for the long term, if we're catching so many at a good carapace size, I think we need all that bigger stock to spawn,.

Mr. Scott Andrews: Do you think it's realistic to make V-notching mandatory?

Mr. Dale Mitchell: How could you?

Mr. Scott Andrews: I don't know. You tell me. How would you make it happen?

Mr. Dale Mitchell: I don't know.

Mr. Scott Andrews: There would have to be somewhere along the chain where if a V-notched lobster got caught, then someone would have to get punished.

Mr. Dale Mitchell: Yes, and it's that way now. But why would you? Wouldn't it be easier to say you cannot land any female lobster with over a five-inch carapace size, as Maine has done, right? Do you know what I mean?

Mr. Scott Andrews: Okay.

Mr. Dale Mitchell: It's more sensible. It's very easy to enforce. And it's mandatory.

I don't see why you would V-notch anything over five inches, in a way. Well, I see it here now, because you've landed them. But if you put a female.... Lately we've thought in our district of saying any female over five inches and any male over six inches have to be returned to the water.

I don't have the statistics with me, but we did the catch rates on those lobsters last fall, district-wide. Fundy North, our association, did that. And definitely you would be returning...not a huge percentage, but quite a few large lobsters to the water to be a spawning population to keep this fishery healthy. We're catching more lobsters now on the first day than I caught in a season 25 years ago.

Mr. Scott Andrews: Thank you.

The Chair: Thank you.

Monsieur Blais.

[*Translation*]

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

Good morning, gentlemen. You have probably noticed the very attractive seal skin hat that I placed on the table. As we say back home: there's a good seal.

Some voices: Oh, oh!

[*English*]

Mr. Dale Mitchell: That's a good place for seal, right there.

[*Translation*]

Mr. Raynald Blais: That is a very good place.

I wanted to see if it was a factor here. Are there more grey seals in the area?

[*English*]

Mr. Steven Thompson: In the area I fish we are more plagued with the harbour seal than with the grey. There are a few greys. But the problem with the harbour seal is the stealing of the bait out of the traps. It pokes its head in through the hoop and rips the bait off. And of course, a lobster trap with no bait doesn't catch any lobsters.

In my overview of the fishery over the years, I would say the seals have increased greatly in our area.

Mr. Dale Mitchell: There's a huge increase in the number of seals in our area. We're seeing a lot more now. We have a few down home. It's just a different area. We're about 40 miles apart. The harbour seals don't bother our bait; it's just the grey seals. They take the heads and all when they go.

But as weir fishermen we fish huge sardine traps, the stationary traps in the water. I own shares in three of those. That's another love of mine. But also, in the nighttime there are so many seals that they lie across the mouth of the weir and won't let the fish down the weir. They go around, they bang, and the fish just won't go down. The sardines are scared away and won't go near the weir.

So the seals are a big problem. When I was young, my father used to hunt seal for a bounty, for the jaws. God forbid you should ever do that today. But the seals are one of the biggest problems, a huge problem, especially the grey seals. I see them coming more and more every year in our area.

[*Translation*]

Mr. Raynald Blais: Earlier, following some questions by one of my colleagues, you talked about tidal pounds. I would like you to elaborate a little bit on that. Have other organizations or the province of New Brunswick done research on that? Has the issue been studied? Have you had to intervene in the past? Have you ever asked a department to conduct a more comprehensive investigation? In some conditions, can the tidal pound cause damage?

[*English*]

Mr. Dale Mitchell: Are you talking about the tidal pounds or the tank house? There's a big difference there, to me.

•(1145)

[*Translation*]

Mr. Raynald Blais: I'm talking about both.

[English]

Mr. Dale Mitchell: The tidal pounds have been around since the 1920s or 1930s. It's almost a hundred-year-old technology now, I guess. But the tank houses have come in the last 15 years. Basically, you can build a tank house anywhere in the world. There's one in Kentucky because it's close to a FedEx. I don't know of any studies done, but everybody in the business seems to accept that it's a poorer quality of lobster in the tank house.

At one time at home—and it isn't done anymore—they used to bring soft-shell lobsters from Maine in September and hold them, let them harden up and feed them, and actually some years they'd get more weight out of that pound. That's when lobsters were scarcer and there was a better market in the fall. They could get more weight out of the pound than they actually put in. They'd usually feed them codfish bones and salt herring, stuff like that.

But the tidal pound only works in areas.... We have a 28-foot rise and fall of the tide at home. It's a dam about six feet below water up, and it has slats in it so the water goes through the slats and adds air to the water. When there's high water, it changes all the water in the pound, and when the tide goes back out you have six feet of water there for the next four or five hours to keep the lobsters alive until the tide comes in again. There's a diver who goes down every few days and checks them. They add extra air into the water by aeration, to keep them good.

Definitely, the buyers at home feel it's a better way of keeping lobsters as far as the quality is concerned, but they don't seem to have as good an outcome. They have less shrinkage, as they call it, with the pounds than with the tank houses.

Also, in southwest Nova Scotia there's not enough tidal range and too much fresh water for the pounds to work. If a lobster comes in contact with fresh water, it dies very quickly, so the tidal pounds work in places where there is no fresh water at all. If you have a level of fresh water on top, it lies there and kills the lobsters.

[Translation]

Mr. Raynald Blais: You said that many lobsters were ready to be sold. There is an economic recession in the United States, which is one of your main markets. There will be others, eventually.

Do you think there is a risk of dumping in 2009?

[English]

Mr. Dale Mitchell: I'm not qualified to answer that. I really don't know enough about how the dealers work. It's too sick a business for me to really know how it works, and who does what with what. I'm not going to hazard a guess if I don't know anything about it.

Maybe Steve does, but I don't.

•(1150)

Mr. Steven Thompson: No, I wouldn't hazard a guess either.

Mr. Dale Mitchell: There will be some lobsters, I think, going quite cheaply this spring, to get rid of them, because the new crop is starting on the market now, and the price is dropping on the new crop.

[Translation]

Mr. Raynald Blais: Dumping does indeed involve selling surplus stock at a very good price. It's logical. Are you afraid that might happen in 2009?

[English]

Mr. Dale Mitchell: I hope not, but really, what can we do about it? There's nothing we can do, as fishermen. If we held off and didn't fish for a month, maybe the lobsters would migrate by us and we'd miss out. We're in a predicament. It's like a grain farmer who didn't plant his grain until July because the market was down. You know, you have to plant it when the time's right. It's the same with the lobster. We have to catch that lobster when it's there and when the quality is right for us to catch it, and work from there. That's the best we can do.

I think that with the government's support we could spread our catch out a little more in the spring, to make it a longer season and not have that big spike that comes the last weeks of May and the first two weeks in June.

The Chair: Thank you.

Mr. Weston.

Mr. John Weston (West Vancouver—Sunshine Coast—Sea to Sky Country, CPC): My thanks to both of you and to the audience for coming and contributing your valuable time.

As somebody from the west, I've been listening intently to the comments about what is the best lobster, whether it's a Nova Scotia, New Brunswick, or even a Quebec lobster. I want to suggest that the best lobster, regardless of where it's caught, is the one eaten after skiing at Whistler. I urge everyone to try one of those lobsters.

One of the most terrifying things for a client is to hear his lawyer call his case interesting. I'm listening to your intriguing testimonies and considering the ones we've heard before. As a politician, I hate to tell you this, but this is a very interesting case. I'm talking about the question of supply and demand and marketing. You have different segmented markets—markets for people who live here, markets for tourists, a U.S. market, an Asian market, and a European market. And all your markets have different appetites.

You have different intermediaries who affect your pricing and where your lobsters go. We're hearing that the supply is totally uncontrolled and that right now it's beyond your expectations. This affects your price and your profitability. There are regulations, but it seems to be a highly self-regulated market. Most people we've heard from like that approach, as opposed to having DFO come in. Quality control has been a large part of our testimony today, and it may affect whether people continue to consume lobsters in the future.

What if there was a marketing board based on voluntary participation? You either paid your dues, or you didn't benefit from it. What if this marketing board had some analysts who would help decide where the lobsters would get the best prices, or would recommend that you slack off your supply for reasons of conservation or profitability? How do you think that might work? It seems as if everybody is doing his own thing right now. There's no coherent approach to marketing, and no one fisherman can afford to invest in advertising. What do you think of this idea?

Mr. Thompson.

Mr. Steven Thompson: I honestly don't know where to start. I'm not up on the marketing situation. All I know is that there are too many lobsters coming to market at a certain time of year. If there was some way, through the adjustments of seasons, to spread this huge glut out instead of going from peak to peak, it would probably help in the pricing that the fisherman receives. But how to go about this is beyond me.

• (1155)

Mr. John Weston: Mr. Mitchell.

Mr. Dale Mitchell: My wife sits on the Canadian Foodgrains Bank, for the Canadian Baptist Ministries. She spent some time out west, when they were marketing grain last fall in Winnipeg at the headquarters. One of the fellows there was marketing 5,000 acres of grain. She stayed at his farm for a week or two. The Wheat Board was struck down out west. They used to set a price for wheat, but farmers can now market their wheat when they want to. No?

Mr. Blaine Calkins: The Wheat Board is still going.

Mr. Dale Mitchell: Okay.

This guy I know was on his farm. He had 5,000 acres in Brownsville—or Brownsomething...north of Edmonton. He sold part of his wheat to the Wheat Board and he kept part of it, hoping the market would improve through the year.

I don't know if we could ever make it work. It's hard to get fishermen to join associations. The New Brunswick government set the legislation up such that you have to get all the fishermen in your area to vote for an association. Fishermen are very independent. Only about 20% of the fishermen in our area belong to an association. In northern New Brunswick they do more, but even up there someone is always coming to a war in buying the lobsters and breaking it...

I, for one, have always held my lobsters in lobster cars, and they're sold about twice a season. I wait for the price to go up. Now it doesn't seem to go up anymore. Through the years, except for two years, the price has increased every year between November and close to Christmas. Now it doesn't happen anymore; there are too many lobsters on the market.

I do wonder if we could ever sit down with the buyers, as they do in Newfoundland, in the shrimp and crab fishery, and set a price—a minimum price, and even a maximum price—in October that we could all live with. So Clearwater or Paturel or whoever can take those lobsters to Europe and say, we'll deliver our lobster in Spain on this date for a certain price. I think it's worth trying to look at this. When you have buyers paying \$3.50 a pound and then \$7 or \$8 a pound within two weeks, it makes me wonder if the price was ever that low or if they just took us for a ride last fall. I'm suspicious at this point that the big guys really used all this pessimism we were hearing about the economy and took us for a ride. That cost me between \$60,000 and \$70,000 on my catch last fall—maybe \$80,000.

I had two fellows with me last year, and I gave them 25% each. My son just got through high school, so I gave him a full share and I gave another fellow a full share. This year I'm giving my son a third share and just the two of us are going lobster fishing. That was the

agreement, and the fellow that went with me before knew that. I pay all the expenses above that. My expenses run about 25% of my stock—a normal stock—a year. Last year they ran higher obviously because the price was down.

Mr. John Weston: Clearly someone like the gentlemen we heard before you, who is concerned about costs and even entering the industry, will choose to continue based on his assessment of the certainties of return. Part of that is about the brand. The reason we pay more for our Nike shoes than another brand name shoe is because of the brand. The brand means something. If our Canadian brand of lobster is being damaged by unreliable quality, then we're not going to get standard pricing.

What if the Government of Canada set up an agency on a trial basis, for a year or two, and supported it on the basis that it would be taken over by the fishers and it would be voluntary after that? It would have to prove some results. Do you think something like that, if it gains some momentum, could get the support of the fishers to improve our quality, reliability, and get our product to market on a more cost-efficient basis? What do you think?

Mr. Thompson.

• (1200)

Mr. Steven Thompson: As I say, I'm not much up on the marketing end of things. I'm on the catching end. But there are possibilities out there that certainly could be explored, to be sure. Obviously something has to be done. Unfortunately, I guess I'm the wrong person to be asking that question to.

Mr. John Weston: But I think you speak for a large majority of the people in the industry who don't think about selling to a buyer in China but would love it if somebody was consolidating your product and getting it to market at the best price.

Mr. Steven Thompson: Sure, if there was some better way to get the lobsters to the market and, in doing so, get me a better price for them, I see nothing wrong with that, to be sure.

Mr. John Weston: Do you have any thoughts on that, Mr. Mitchell?

Mr. Dale Mitchell: I always have thoughts.

Voices: Oh, oh!

Mr. Dale Mitchell: It would have to be a third party independent before I'd be even looking at it—independent to monitor what's going on. I really have no trust in Clearwater. I just think Clearwater is a crowd that beats everybody down they can. My opinion of Clearwater...I wouldn't buy stock in the company when they went to a trust fund. I wouldn't buy stock because they're so dishonest. I just wouldn't buy into them. I just feel they've forced the scallop fishery into one mould. Everything they've gone into, they want to take over and run it as a real industrial model.

My wife did her PhD. I met my wife when she was doing her PhD on the fishing industry. She interviewed me. That's how we met. So I can look at it from an academic viewpoint. Her thesis was "Making It Pay: A Study of the Deer Island Fishery". It was a socio-economic study of the Deer Island fishery. That was 25 years ago.

But fishermen just don't trust the government. And we've also figured out ways—

Mr. John Weston: Mr. Mitchell, don't hold anything back, okay?

Voices: Oh, oh!

Mr. Dale Mitchell: I'll finish this question first before I make this statement.

But I think we need to look into something. We need an investigation into what happened so that we understand, as fisherman, that we can be better connected with what we should be landing, when it should be landed, to make it work better for the whole system, including the buyers—the top end, the wholesalers. Because we really don't trust them, the big guys; we just distrust it the whole way through. Everybody's getting rich but us.

Personally, I don't think they're getting rich myself. Look at Clearwater's stock; it's less than \$1 a share right now. So somebody's not getting rich there somewhere. It's not doing great. Those companies are not doing great.

At the end of her thesis, my wife's main thought—once you get through it, and if she was here she'd probably kill me for saying it—was that fishermen are very good in the long range at using whatever policies the government sets or business sets and working them through to make it work to their benefit in the long term. And we are willing to change. She's from Fredericton. She thought when she came to Deer Island that fishing was the same always and it would always be the same. But she is just amazed at how, in 25 years, my fishery personally and the fishery on Deer Island have changed. It's just unbelievable how the fishery is different from then. But we've also found a way to manipulate the system, to work the system, to make it work for us so that we can make a living.

What happens if we set too fine a thing? I'd hate to tie this up in something so fine that we can't change the rules shortly. I use the example of squid. A few years ago, no one at home had a squid licence, never any squid around home. All of a sudden, one year a pile of squid came home—and this was 20-some years ago—and all of a sudden everyone got a squid licence and was squidding for a month. Quite a lot of money was made in a poor summer that summer. Today, with all the government regulations, things don't happen that quickly. The squid would be long gone back to Newfoundland before we ever had a chance to fish them at home.

So I hate to see too many regulations set down too firmly that we cannot adjust the change in market situations, because the markets do change every week or two and every month and every year.

Mr. John Weston: One more thing?

The Chair: Actually, I'm sorry, we're out of time pretty much.

Mr. John Weston: We've already learned that it's better to ask for forgiveness than—

The Chair: If you're very quick.

Mr. John Weston: Yes, it's quick. Mr. Stoffer was very interested in this as well.

Given that there's a natural tension between the roles of protecting resources for future use and current consumption, have you seen aquaculture affecting your fishery in any way, positive or negative?

●(1205)

Mr. Steven Thompson: Well, I've only seen negative effects from the aquaculture industry in my area.

During Mr. Weston's term as provincial minister, permission was granted to establish three salmon farm sites in my area. Now, these sites take away lobster fishing ground. We lose so many acres of ground to these sites. It's their site and you're not allowed on it, and it would be dangerous to put traps there. You would lose the traps anyhow, and you lose a considerable number of traps due to the boats servicing these sites and towing cages from one site to another. That's kind of a nasty habit that they have of towing these huge circular cages from one site to another. It tends to foul the lobster traps or else rip them off—trap gone, with the trap's \$100 value or thereabouts, plus the loss of fishing for the season with the trap. Then the ghost fishing that takes place from that lost trap.

I only see the negativity of it in my area. I don't know what Dale sees.

Go ahead, Dale.

Mr. Dale Mitchell: I'd be 95% negative on that industry. It's an industry that gets \$40 million some years to help it stay in business. I'm competing to fish the same grounds as they are. They're using that money to subsidize taking over the places I traditionally fish, especially my weir fishery. The weir fishery is where we catch the sardines. If you see Brunswick sardines, from Connors Brothers, they usually come from the weir fishery and the purse seine fishery. The good quality is in the weir fishery—high-quality sardines.

We've gone from 68 weirs to 32 weirs on Deer Island. In any area the aquaculture comes into, the weir fishery disappears. It takes over the bottom. The flapping of the fish, the moving of the fish, the fish feed, the boat movement day and night, and the bright lights drive the fish away. The fish don't go into those areas anymore. So it's been negative for us.

As far as lobster catches are concerned, too many of the places where lobsters came ashore to spawn have been moved because of it, but in that rocky bottom—they live on a cobblestone bottom—we've lost spawning area for lobster stocks to aquaculture sites.

It doesn't matter what you're doing around home, you're competing against a subsidized industry. I have built my industry up myself. I have never had a government loan or a bank loan in my life, in anything I've done. I've built my industry up with my own money and my own work. I think everyone should work that way more. I feel sorry for this fellow here. I'm not saying that in some cases.... I know it's different from even when I started out, but I think subsidies are wrong, myself. I think we need to do it ourselves and do it our own way—work hard, and be proud of it when we have done it.

Mr. John Weston: Thank you, Mr. Chair.

I just realized that we'll be cut off by our chairman forever now.

Some hon. members: Oh, oh!

The Chair: Thank you very much, gentlemen. I appreciate your taking the time today to travel here to meet with this committee. On behalf of the committee, I want to say thank you once again.

Please, if you have any further comments to make or any concerns that you want to pass along to the committee, do not hesitate to do

so. You can correspond through the clerk, and certainly all information will be taken into consideration.

Once again, thank you very much.

The committee will now adjourn for lunch until one o'clock. Thank you.

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