



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

44th PARLIAMENT, 1st SESSION

---

# Standing Committee on Fisheries and Oceans

EVIDENCE

**NUMBER 068**

**PUBLIC PART ONLY - PARTIE PUBLIQUE SEULEMENT**

Monday, May 15, 2023

---

Chair: Mr. Ken McDonald





## Standing Committee on Fisheries and Oceans

Monday, May 15, 2023

• (1100)

[*English*]

**The Chair (Mr. Ken McDonald (Avalon, Lib.)):** I call this meeting to order.

Welcome to meeting number 68 of the House of Commons Standing Committee on Fisheries and Oceans.

This meeting is taking place in a hybrid format, pursuant to the House order of June 23, 2022. We will begin today's meeting in public to hear witness testimony. Afterwards, we will switch to in camera for the last 45 minutes.

I remind everyone to please address your comments through the chair. Screenshots or taking photos of your screen is not permitted. In accordance with the committee's routine motion concerning connection tests for witnesses, I am informing the committee that all witnesses have completed the required connection test in advance of the meeting.

Pursuant to Standing Order 108(2) and the motion adopted on January 20, 2022, the committee is resuming its study of foreign ownership and corporate concentration of fishing licences and quotas.

I would like to now welcome our panellists for the first hour and a bit.

By video conference, we have Claudio Bernatchez, general manager of the Association des capitaines-propriétaires de la Gaspésie. From Ocean Choice International, we have Carey Bonnell, vice-president of sustainability and engagement. Representing the P.E.I. Fishermen's Association, we have Molly Aylward, executive director, and Ian MacPherson, senior adviser. Representing the Bay of Fundy Inshore Fishermen's Association, we have Colin Sproul, president.

We'll start off with our five-minute statements.

Mr. Bernatchez, you have five minutes or less, please.

[*Translation*]

**Mr. Claudio Bernatchez (General Manager, Association des capitaines-propriétaires de la Gaspésie):** Thank you, Mr. Chair.

Members of the House of Commons Standing Committee on Fisheries and Oceans, good morning.

Thank you for inviting me to take part in your study.

My name is Claudio Bernatchez, and I've been the general manager of the Association des capitaines-propriétaires de la Gaspésie

since 2020. Our offices are in Rivière-au-Renard, the marine fisheries capital of Quebec.

There are several ways to approach the concept of foreign ownership. In terms of catches, business licences can be fully transferred from one province to another. They also have the distinction of being transferable to foreign interests up to 49% of the licences. For example, it would be easy to think that 51% of Canadian licence holders could be assisted or controlled by the foreign holders of 49% of the licences. At this time, we don't know if such transactions have taken place in our region.

With respect to processing plants, foreign ownership is already present in two shrimp processing plants in Eastern Quebec. This is obvious in the case of the first, since it flies the Danish flag, while it's more subtle in the case of the second, since it's a Newfoundland entrepreneur backed by an American investment fund. In addition, the first one has obtained a permit to process snow crab from Quebec and a permit to process lobster from outside Quebec. The second is trying to do the same. So we can see that when the door is ajar, a foreign-owned plant can expand its operations on Canadian soil, especially since processing is under provincial jurisdiction.

While I subscribe to the principles of free enterprise, I remain convinced that the fisheries resources of Canadian waters must serve Canadian interests first and foremost, especially those of the many coastal communities that have traditionally depended on the resources of the sea for their livelihood and development. Sometimes we have to wonder whether the fisheries resources really belong to all Canadians. Take, for example, the large proportion of commercial fishing quotas that belong to large corporations. Why is it that our decision makers ignore this reality when allocating new quotas?

As I was preparing to appear before you, I started thinking about some of the mechanisms that other countries have put in place to control fishing activities in Canada.

I'm thinking in particular of the restrictions imposed by our neighbours to the south on the protection of marine mammals, such as the North Atlantic right whale. There is also the mackerel fishery, which has been under moratorium since last year. How is it that the Americans can still fish it, when it is recognized that it is largely the same fish stock as that in the Gulf of St. Lawrence?

Furthermore, a French actress came to tell us that we shouldn't hunt seals anymore. We listened to her. Decades later, the Department of Fisheries and Oceans is beginning to pay lip service to the imbalance caused by the overabundance of seals. Meanwhile, the Canadian fishing industry is paying dearly for it.

Let's talk about the concentration of licences. It takes money to make money. We're seeing this more and more, with fishing licences being sold at exorbitant prices. Sellers know who to go to when they need to get rid of their licences. The average fisher simply cannot compete with those with greater financial capabilities. Those who do risk it sometimes find themselves in a vulnerable economic situation. Imagine the hurdle faced by aspiring owners who are tempted to take over an existing fishing business.

The concentration that develops will pose a risk when holders of large licence portfolios are ready to sell. Foreign interests may emerge to take control of these quotas. We can also expect purchasers obtaining financial support from a processor to acquire one or more licences, which in itself is a control agreement. It's still the case today that a fisherman entrusts the financial management of his business to the plant that buys his fish.

The concentration of licences may, in some cases, help keep the holder away from fishing activities, because the holder can't be everywhere at the same time. This can contribute to a results-oriented culture on board fishing vessels, which increases the risk of accidents.

In conclusion, several factors are perceived as threats to the Canadian commercial fishing industry. Foreign ownership and licence concentration are two examples, but there are others, and they're closer to home. We need to start thinking about integrated management, which would simplify the various regulations in place, and more importantly, we need to start thinking about an ecosystem approach in collaboration with the Science Sector and resources of the Department of Fisheries and Oceans.

• (1105)

The government must stop announcing moratoriums just before the start of fishing seasons. These announcements have too many consequences for us not to be prepared for them. There have been several in recent years. We're concerned that the next moratorium will be on northern shrimp. However, redfish are consuming about 14 times the quota allowed this year.

[English]

**The Chair:** Mr. Bernatchez, we're over time. We have to end it there. Hopefully anything you didn't get to say will come out in questioning.

I'll now go to Mr. Sproul for five minutes or less, please.

**Mr. Colin Sproul (President, Bay of Fundy Inshore Fishermen's Association):** Committee chair and members, thank you very much for this opportunity to share our views. I appear before you today on behalf of the Bay of Fundy Inshore Fishermen's Association, where I serve as president.

For 28 years we have represented owner-operator fishing families on the shores of the Bay of Fundy in Nova Scotia. Our group has a distinguished history of advocating sustainable fishing prac-

tices and community-based fisheries management. Over this time, our commitment to that responsible use of resources has led us to partnerships with many groups in academia and the conservation community. We have a history of co-operation with governments and regulators at all levels, earning us a reputation as a valuable ally on ocean issues. Our members are proud of this legacy and are committed to preserving our way of life for future generations of Nova Scotians.

Corporate concentration and foreign ownership are two sides of the same problem facing Canada's coastal communities. This is the clash between, on the one hand, medium-sized to large corporations that are solely focused on reaping ever-increasing profits from public resources and, on the other hand, the duty of government to protect the interests of fishing families, families that are existentially dependent on those same resources.

Primary issues relating to this are the conglomeration of lobster processing capacity into fewer and fewer hands and the unlawful purchasing of lobster licences by corporations outside the owner-operator framework that our members abide by.

The question that begs to be asked is why fishermen would be concerned about ownership changes in independent maritime lobster processors. The answer deserves attention by government for the benefit of fishing communities.

When fishermen sell their lobster catch tonight on the wharves of Nova Scotia, be it in Yarmouth, Sydney, Digby or Lunenburg, they can all expect to receive the same price, but in a free market situation, how can this be? Obviously, someone or some group is fixing that price. If not, fishermen would see variations in the price of their catch, based on normal supply and demand pressures from many different exporters. Instead, they face a concerted effort to control pricing at the dock.

These actions must be a violation of the federal Competition Act and may constitute a cartel. Section 45(1) of the act states, "Every person commits an offence who, with a competitor of that person with respect to a product, conspires, agrees or arranges to fix...the price...of the product".

Fishermen recognize that lobster markets are ultimately influenced by consumer demand, but they also recognize the downward influence on lobster pricing from this collusion. Harvesters cannot ignore the clear message that a region-wide pricing fix sends.

After having already suffered for decades in this system, fear is now rising in our communities that things could become even worse due to an onslaught of acquisitions in the processing sector by food distribution mega-corporations, both foreign and domestic.

The second avenue whereby big business threatens the interests of fishing communities is through attempts to vertically integrate the lobster industry through the buying of lobster licences by unlawful means. These companies seek access to lobster at cheap prices and cut out fishing families in hopes of gaining an unfair and profitable advantage.

While DFO and the government have made significant progress on this front through recent changes to the Fisheries Act, the resolutions proposed by the department are simplistic, ignore huge opportunities for reconciliation and may ultimately be damaging to coastal communities.

Specifically, the department's plan to terminate lobster licences bought by these companies, while certainly demonstrating deterrence, is a policy direction that will be damaging to the prospects of new entrants to the fishery that changes to the act were meant to favour.

It also seems beyond reason that the department would ignore the potential for this access to integrate Marshall rights holders into Atlantic fisheries, especially while DFO continues to expropriate access to other species without compensation, arbitrarily move lobster access from one area to another in defiance of its own integrated fisheries management plan and make ominous statements about expropriation in lobster fisheries.

These issues will only be resolved through good faith collaboration between the government and Canada's fishing families. Regulators must recognize that small-scale users of Canadian resources deserve special consideration, given the huge yet diffuse economic and cultural benefits that they deliver to our communities.

Committee members, thank you very much. I invite questions.

• (1110)

**The Chair:** Thank you for that.

We'll now go to Mr. Bonnell for five minutes or less, please.

**Mr. Carey Bonnell (Vice-President, Sustainability and Engagement, Ocean Choice International L.P.):** Thank you.

Good afternoon, Mr. Chair and committee members, and thank you for the opportunity to appear before the Standing Committee on Fisheries and Oceans.

I'm here today representing Ocean Choice International.

Ocean Choice is a family-owned and family-operated Newfoundland and Labrador seafood company that was started over 20 years ago by brothers Martin and Blaine Sullivan from the southern shore, an area of the province with deep roots in the fishing industry.

Today Ocean Choice is a global seafood company, vertically integrated from the sea to the plate. We operate five processing facilities in rural coastal communities, where we process high-quality seafood that we buy and source from approximately 1,900 independent inshore fish harvesters.

We also own and operate a fleet of offshore vessels that catch and process species harvested through quotas that we have access to.

Headquartered in St. John's, Newfoundland, Ocean Choice has developed a strong global presence by establishing our own international sales network with offices throughout Canada, the United States, Europe—specifically the United Kingdom—the Netherlands and Italy, as well as China and Japan. Our global sales team proudly sells Canada's high-quality seafood to over 30 countries around the world.

Through these activities, we employ about 1,700 people from over 300 communities throughout Newfoundland and Labrador. We take our responsibility to the people and the communities that rely on us very seriously. It is what drives our investment decisions and long-term planning.

In recent years, we have committed to investments of over \$100 million into the seafood sector throughout Atlantic Canada. This is what successful family-run businesses do in the seafood sector in Canada. They reinvest.

As we are a business entirely dependent on a healthy ocean, sustainability is very much at the heart of everything that we do. We are responsible for delivering one of the last sources of wild protein to the world and we must make sure it's always available. That's why over 90% of the species that we harvest are sustainably sourced through the Marine Stewardship Council gold standard for certified fisheries or through a robust fishery improvement program.

We understand and respect the immense value and role that all sectors play in creating value for Canada's fisheries and the local economies that rely on the fishery. All players—small, medium and large—are needed to ensure a balanced fishery that can return maximum benefits for Canada.

It is disappointing to continuously see our employees and our company targeted just because we're one of the larger seafood companies in Newfoundland and Labrador. Our 1,700 employees work hard at sea and on land, many of them year-round, to build a sustainable and successful fishery for the future of Newfoundland and Labrador and the broader region.

Ocean Choice believes in the future of our company and of our home here in the province of Newfoundland and Labrador. It's a future that requires vision. It requires planning and commitment.

We make investments today that will support a thriving, sustainable fishery for generations to come. We have invested heavily in the fishery, from paying fair market value for every single pound of quota that we access, to developing markets to ensure the best possible price is paid for Canada's high-quality seafood, to investing in new state-of-the-art technology to modernize the fishing industry.

The MV *Calvert* is a great example of this. Creating 70 year-round, full-time jobs in Newfoundland and Labrador, the *Calvert* is the first new Canadian offshore groundfish vessel to join the offshore fishing sector since the 1980s. Besides direct employment, the *Calvert* generates millions in annual salaries and economic spinoffs, supporting people, businesses and industry in Newfoundland and Labrador.

As previously mentioned, Ocean Choice operates a fleet of five vessels, and we also partner with 1,900 independent inshore harvesters. Each of these represents about 50% of our business. There is a role, obviously, from our standpoint, for all sectors in this industry.

Improving collaboration within the fishing industry is essential for achieving a more sustainable, equitable and efficient fishery that will benefit everyone. A shared responsibility between the harvesting sector, plant workers, processors, governments, unions and other fishery stakeholders is required for Newfoundland and Labrador to continue to have a successful local industry that competes on a world stage.

For the purposes of your study, I want to reaffirm that we are a 100% Canadian-owned and operated business and that we fully respect and abide by government policy with respect to the independence of the inshore fleet in Atlantic Canada.

I hope my statement and subsequent commentary today has instilled and will instill a message that we are an unapologetically proud Newfoundland and Labrador seafood company that provides significant employment and value creation in the coastal communities where we operate, communities that we support. We are bullish when it comes to the future of the seafood sector as an environmentally sustainable product, with well-documented health benefits and global demand that is expected to grow substantially over the next decade and beyond.

Thank you for the opportunity to make a statement. I welcome the committee's questions and comments.

• (1115)

**The Chair:** Thank you, Mr. Bonnell.

We'll now go to the P.E.I. Fishermen's Association for a statement of five minutes or less. I don't know which of you is doing the statement or if you're doing it jointly, but you have five minutes.

**Ms. Molly Aylward (Executive Director, Prince Edward Island Fishermen's Association):** Thank you very much.

Both Mr. MacPherson and I will be presenting the statement. I will start and he will conclude. Thank you.

On behalf of the Prince Edward Island Fishermen's Association, I would like to thank the chair and the fisheries committee for the opportunity to once again respond to issues that impact our fishing community.

Our organization represents over 1,250 Prince Edward Island captains on important topics that affect fisher livelihoods and futures. Today's topic of foreign ownership and corporate concentration of fishing licences and quota is one such topic.

We all understand that industries need to change and evolve to meet customer demands, be it on the boat, at the plant, in the store or in the restaurant. We understand that as transportation and refrigeration techniques improve, our local seafood resources are enjoyed by an increasing number of people around the world. We also understand that supply chains must be efficient to meet these needs.

The traditional supply chain of local independent fish harvesters supplying plants for processing and then furtherance to national and international markets is a good model of spreading wealth, keeping coastal communities vibrant and maximizing government returns and investments. There are many checks and balances in the current system to keep this supply chain efficient and profitable.

Ownership concentration can lead to reduced competition for products, fewer or eliminated jobs in coastal communities and a potential loss of food sovereignty in Canada.

Today we would like to expand on the concept of food sovereignty and food security.

Growing up in a country of bountiful food resources, we have never had to think of our food resources being restricted or, even worse, being grown or harvested here but not under the direct control of Canadians.

Our seafood industry has many challenges in terms of declining stocks and how the stocks are managed, but this is not the focus of discussion today.

In terms of corporate concentration, we are seeing more plants owned by the same ownership groups, in addition to refrigeration assets and other parts of the supply chain.

Ownership of offshore licences by corporations is also a concern. This makes it difficult for independent operators to access supply chain resources at competitive prices. With a primary focus on shareholder value and growth, these can be elements that not only put pressure on ocean resources but also expedite the closure of many major employers in coastal communities.

It is important to note that in some cases, foreign companies have varying degrees of government ownership, which does not make for a level playing field. These companies are also driven by growth and the maximizing of shareholder return, regardless of where the shareholders reside. The majority of their profits go out of Canada.

In many of these discussions, it is lost that owner-operators are independent small businesses, many of which employ two to three crew members. These business owners have significant personal investments, pay taxes and contribute to the volunteer base in their local communities. The resources of these small businesses are contingent on a well-functioning supply chain. Fishers are looking for a fair and equitable return, not an adversarial relationship that has winners and losers.

I will turn it over to Mr. MacPherson now.

● (1120)

**Mr. Ian MacPherson (Senior Advisor, Prince Edward Island Fishermen's Association):** Thank you, Molly.

What may be some of the potential solutions to ensure that food sovereignty and food security are maintained?

Number one, declare Canadian seafood a critical resource. This designation will enhance current controls on concentration and foreign ownership.

Number two, lower the Competition Bureau trigger threshold for all seafood company acquisitions, domestic and foreign. Right now, only large acquisitions are investigated by the bureau.

Number three, make a concentrated effort to market seafood to Canadians, as we typically have one of the lowest seafood consumption rates in the world.

Number four, work with fishing organizations to develop licence retirement plans that will increase the viability of current and future independent owner-operators. This will also lead to an increased diversification of catches and operating efficiency.

Number five, re-evaluate the drive to be the top seafood exporter by volume. Focus more on value-added products.

Number six, exempt seafood-related products that enter and leave Prince Edward Island from Confederation Bridge tolls.

Canada is the envy of many countries in terms of our resources. Our plentiful fresh water supplies, clean oceans and ample food supplies are not easily duplicated.

Our current system is not problem-free, but we must look proactively down the road. Companies and countries are after our resources, and this pressure will only increase. As dead zones become larger in the oceans, the seafood that feeds the world will come from more concentrated areas.

The Government of Canada must make food sovereignty and food security a top priority. Once we lose control of our resources, it will not easily be regained, if at all.

Thank you very much.

**The Chair:** Thank you, Mr. MacPherson. That was almost dead on time, which usually doesn't happen when there are two people giving an opening statement.

We'll now proceed to our first round of questions.

I'll go to Mr. Small for six minutes or less, please.

**Mr. Clifford Small (Coast of Bays—Central—Notre Dame, CPC):** Thank you, Mr. Chair.

Thank you to all of the witnesses for taking part today.

Mr. Bonnell, have you heard talk of any supply agreements in the Newfoundland and Labrador fishery between harvesters and processors?

**Mr. Carey Bonnell:** Thank you, Mr. Small, for your question.

There are a variety of relationships that occur between the harvesting sector and the processing sector in the province. We are part of those relationships, of course. Some of them would involve direct engagement between a harvester and a processor in terms of supply agreements, and some of them could involve just direct relationships between harvesters and processors in terms of harvesting and processing product and helping to get product to market.

There are a wide variety of agreements that take place between the harvesting and processing sectors in the province to ensure a fair market price for harvesters and to ensure we take the product and get it to market in a proper form.

● (1125)

**Mr. Clifford Small:** In your opinion, Mr. Bonnell, is the current shutdown of the crab and the shrimp fishery linked in any way to corporate control in the fishery in Newfoundland and Labrador?

**Mr. Carey Bonnell:** No. Newfoundland and Labrador is a bit unique from that standpoint. We actually have a collective agreement in this province whereby fish prices are set based on negotiations. It's an independent process established by the Government of Newfoundland and Labrador.

We take a position forward to the independent arbitrator every year, and the processing sector and the harvesting sector do the same. A round of discussions will take place. In some cases agreements will be reached on price. When an agreement can't be reached, it will go to arbitration, and an independent arbitrator will select that price. Whether there are two companies negotiating on that front or 20 companies negotiating, it's an independent process that sets the price in the province.

I would say that in terms of corporate concentration, there is a very healthy level of companies in the processing sector in the province of Newfoundland and Labrador, which I can speak more accurately on. If you compare it to other forms of food production in Canada, other industries in Canada, the level of corporate concentration would pale in comparison, I think, if you were looking at the beef sector or the dairy sector or some other sectors of the economy.

Again, Newfoundland and Labrador is a bit unique, but we have very much an independent process to establish pricing in this province.

**Mr. Clifford Small:** When Mr. Pretty gave testimony last week, he was mentioning control over harvesters by processors. I just want to give you an opportunity to speak to this.

If harvesters are completely independent of processing companies by means of either financing arrangements or anything else, is there free and open competition for harvesters' products between processors in Newfoundland and Labrador?

**Mr. Carey Bonnell:** I think, yes, there is free and open competition between harvesters and processors in Newfoundland and Labrador.

I can speak for our company. We completely abide by the Atlantic policies that exist right now in owner-operator and fleet separation policies and the preservation of the inshore fleet.

Like any group, we look to have relationships with harvesters. We manage five land-based processing facilities in Newfoundland and Labrador that employ about 1,000 people. You have to have a steady supply of raw material to operate those facilities to ensure that you can employ people on a seasonal basis, and in some cases on a year-round basis. Those relationships exist. They're critical to maintain the capacity and the infrastructure that we have.

In terms of pricing, what I will say is that this year is a unique year. Your committee has talked a lot about the situation in the snow crab fishery this year. If you go back over the past number of years, you'll see that 2022 and 2021 had record prices for snow crab for harvesters in Newfoundland and Labrador. Going back, we've had a fairly stable regime in place in terms of pricing, so I think fair market price has certainly been attained in the harvesting sector.

**Mr. Clifford Small:** Thank you, Mr. Bonnell.

I'm going to turn over the rest of my time to Mr. Perkins.

**The Chair:** This will be for over a minute.

**Mr. Rick Perkins (South Shore—St. Margarets, CPC):** Thank you, Mr. Chair.

Mr. Sproul, do lobster understand where the line is drawn between lobster areas LFA 33, 34 and 41?

**Mr. Colin Sproul:** No, they don't. They don't understand where those lines are or who catches them.

**Mr. Rick Perkins:** In LFA 41, which is about three times the size of Nova Scotia, one company has a complete monopoly on all of that and has asked for an increased TAC as a result.

What would the impact of that be on the inshore lobsters, since lobsters don't seem to know where that border is?

**Mr. Colin Sproul:** Ultimately, the impact of any increase in lobster TAC that's given to a mega-corporation fishing on one vessel would be out of the back pockets of inshore fishermen. There's one lobster resource in the Gulf of Maine, and there's no science to support that those areas are separate or that a fishery take in LFA 41 won't have an effect in the adjacent LFAs.

It's also important to point out that a vast majority—80% or 90%—of Clearwater's landings come from the most important place for lobsters in Canada, which is the lobster box of Brown's Bank, which is adjacent to the closed area. They fish intensely right up to the border of that. There are really serious implications for us.

• (1130)

**Mr. Rick Perkins:** Does anyone police it to make sure that they don't go over?

**The Chair:** I'm sorry, Mr. Perkins, you've run out of time. It's a few seconds; you wouldn't get the question in anyway.

We'll now go to Mr. Morrissey for six minutes or less, please.

**Mr. Robert Morrissey (Egmont, Lib.):** Thank you, Chair.

I have a question for Mr. Sproul.

In your opening statement, you referenced the corporate backing for lobster licence purchases. You also referenced "the buying of lobster licences by unlawful means".

Do you care to expand a bit for the committee on what unlawful methods are being used?

**Mr. Colin Sproul:** I was referencing trust agreements, which are used to purchase lobster licences in different LFAs with a nominal owner. These allow vertically integrated companies that want to buy, process and export lobster to own trap-to-table access.

**Mr. Robert Morrissey:** Can these agreements actually influence the ownership of the core licence—the fisher who is on the boat?

**Mr. Colin Sproul:** Not lawfully, but they certainly do—

**Mr. Robert Morrissey:** I realize not lawfully. You said that this is occurring through the trust agreements.

**Mr. Colin Sproul:** There has been a lot of good work taking place over the last few years—

**Mr. Robert Morrissey:** This was supposed to be outlawed under the owner-operator policy, was it not?

**Mr. Colin Sproul:** Yes. It always was unlawful, but changes to the act have been made to make it harder.

What I was referencing was the government's intent to terminate the licences that are found to be in violation, when clearly the purpose of the changes to the act were to improve the situation for new entrants to the fishery.

If the government was to terminate and vaporize lobster access in the community, not only do the new entrants to the fishery lose, but also trap builders, fuel suppliers, grocery stores and all the other related industries.

**Mr. Robert Morrissey:** Okay.

I want to go to Mr. MacPherson or Ms. Aylward.

Is this occurring in P.E.I. as well? Do you have any knowledge of this occurring?

**Mr. Ian MacPherson:** I can't name any specifics right now. Certainly as the price of fleets increases, I guess our concern is certainly on the financing and making sure that there are adequate resources there to finance these purchases.

I think it was mentioned on an earlier committee that the financing of fleets should be opened up for fishing organizations we're supporting. We were really more focused on lock-tight arrangements with processors and suppliers or family members, and not opening it up to a wide spectrum.



That's one of our concerns right now. It's that there are a lot of options there.

**Mr. Robert Morrissey:** Okay, good.

Mr. MacPherson, you referenced naming Canadian seafood as a "critical resource". Could you expand a bit on what benefit that would be to the fisher and to Canada?

If you have more detail, there are a couple of items on which I would like you to submit information to the committee, but you can speak to that one and also on lowering the threshold for review under corporate affairs.

Briefly, on critical resource, that's the first time I've heard that comment.

**Mr. Ian MacPherson:** I was reading an article just the other day about another country trying to corner the cobalt market to supply the batteries for the EV market. I think we have to think of food in that context.

As I mentioned earlier, I think there's a fairly good balance, but there's a lot of very rapid buyout of family operations and a lot of amalgamation happening at a very quick pace.

**Mr. Robert Morrissey:** Is that at the processing level?

**Mr. Ian MacPherson:** Yes, but ultimately that translates down to the harvester level in terms of less competition and perhaps more onerous restrictions.

**Mr. Robert Morrissey:** I'm not sure of my time, Chair, but I'm sure you'll remind me. I want to ask a quick question of Mr. Bonnell.

Mr. Bonnell, in your comments you referenced that your employees were being targeted. Could you expand on that? It concerned me when you made the statement that employees would be targeted. How were they being targeted, and why?

**Mr. Carey Bonnell:** The best way to respond to that is that as a business we get targeted because we're a large company. It could be the employees or it could be the company itself. We're quite proud of the fact that we're a family-run business. Martin and Blaine Sullivan come from a fishing family. Their father is a fisherman. I came out of a small boat fishery. We built this company from the ground up. We're quite proud of what we've achieved.

We are a larger company and we know there's a responsibility that comes with that, but we feel we're unfairly targeted as a company, given the number of people we employ in the region and that we take the harvester product to market and provide a fair market value in most years. This year, 2023, is a challenging year, and we all accept that, but we feel we're unfairly targeted as a company in the region.

Hopefully that clarifies it.

• (1135)

**Mr. Robert Morrissey:** Mr. Chair, how much time do I have?

**The Chair:** You have 45 seconds.

**Mr. Robert Morrissey:** Thank you.

I want to go back to Mr. Sproul, and maybe Mr. MacPherson could get in.

You referenced corporate concentration. I hear a lot in the community among fishers about fewer buyers who are independent, and we hear a lot about our favourite topic, the Chinese interest in the purchasing of lobster-buying operations. What would you recommend government do?

The processing plants and the buyers are all regulated and controlled by provincial governments. Have you expressed a concern to provincial governments about this ongoing corporate concentration at that level? If you did, could you provide that to the committee for this report?

**The Chair:** Your time is up, Mr. Morrissey. I would suggest to Mr. MacPherson or who is there with him that they could respond in writing to the committee on that particular point.

[*Translation*]

Mrs. Desbiens, you have six minutes.

**Mrs. Caroline Desbiens (Beauport—Côte-de-Beaupré—Île d'Orléans—Charlevoix, BQ):** Thank you, Mr. Chair.

I'd like to thank the witnesses who are here today.

I'm going to go to you, Mr. Bernatchez.

You are concerned, and I understand that. In your testimony, you mentioned that Canada, particularly the Canadian fishing industry, of which Quebec is a large part, is paying the price for a certain lack of power over our neighbours to the south, the United States. You mentioned the right whale and mackerel fisheries and the seal hunt. All of this is worrisome. The fishing industry is destabilized. However, we are seeing foreign companies set up shop here.

How do you think we can assess the risk that fishing expertise will disappear from our regions? Is the risk of it disappearing great enough for the Department of Fisheries and Oceans, or DFO, to take drastic measures to reverse what you are talking about?

**Mr. Claudio Bernatchez:** Every time a fishery is weakened by DFO's interventions, necessary or not, in order to have it bend under foreign pressure, business owners may be inclined to throw in the towel. It can also happen, as is the case now, that crews of certain fisheries flee the boats because the catches aren't there and, consequently, neither are the revenues.

As soon as a fishery is weakened in some way, there is a risk that, in some communities, some of the expertise will leave those areas one at a time.

**Mrs. Caroline Desbiens:** What will we do if we lose the next generation and the processing plants, with their long tentacles, can no longer find the local know-how and expertise?

Is that an important argument that should be made to DFO?

**Mr. Claudio Bernatchez:** Fishing is a well-orchestrated dance among many dancers. If some of them don't want to take part in the dance, it may weaken the others. Processors are among the players whose contribution is important to the entire industry.

I won't hide the fact that it is increasingly difficult to attract the next generation of fishers. The cost of acquiring fishing licences has skyrocketed, so those who want to get into this kind of business now have to assume a very significant financial risk.

• (1140)

**Mrs. Caroline Desbiens:** Does the loss of this expertise open the door to foreigners, factory ships and the takeover of our seafood products at the expense of the regions?

**Mr. Claudio Bernatchez:** As I said in my opening remarks, we don't necessarily have any examples of foreign companies that have slipped into capture activities. It's much more subtle than that.

If we were to get to a point where commercial licence holders had to give up, it could open the door to foreign interests becoming partners in local companies in certain fishing enterprises.

**Mrs. Caroline Desbiens:** How could the committee intervene? What are the most important recommendations that the committee could make to the Department of Fisheries and Oceans to try to reverse the trend?

**Mr. Claudio Bernatchez:** As in any area of activity, when you put regulations in place, you have to make sure you can enforce them. There's no point in creating a series of measures if there's no one on the ground to enforce the regulations.

Before new laws or regulations are passed, care must be taken to ensure that existing regulations are enforced.

**Mrs. Caroline Desbiens:** Is the Gaspé fishing community concerned?

**Mr. Claudio Bernatchez:** There is a lot of concern. All the moratoriums announced over the past three years have left the majority of fleet owners wondering what will happen to them.

We know that the harvesting industry is cyclical, but there is cause for concern. At least five moratoriums have been announced recently. Above all, we need to start thinking, together with Fisheries and Oceans Canada scientists, about adopting an ecosystem approach. We can no longer manage one resource at a time. We have to consider all the impacts that all resources have on other fisheries resources.

**Mrs. Caroline Desbiens:** Thank you very much, Mr. Bernatchez.

[*English*]

**The Chair:** Thank you, Madame Desbiens.

We'll now go to Ms. Barron for six minutes or less, please.

**Ms. Lisa Marie Barron (Nanaimo—Ladysmith, NDP):** Thank you, Mr. Chair, and thank you to the witnesses for being here today.

My first question is for Mr. Sproul.

Mr. Sproul, UFAWU-Unifor put out a petition asking for the end of foreign ownership in quotas. I'm wondering whether you can provide some of your general thoughts on this petition, please.

**Mr. Colin Sproul:** Thank you for the question.

Royal Greenland is a corporation wholly owned by the government of Denmark. They have made acquisitions in Nova Scotia of

A&L Seafoods and of Quin-Sea in Newfoundland. It's one of Newfoundland's largest processors.

None of these actions are in keeping with federal law. Royal Greenland is taking from the people of Newfoundland and Nova Scotia and creating profit for a foreign government. It seems beyond reason that regulators wouldn't have taken issue with it by this point.

We see the same thing with domestic companies as well. In Nova Scotia, we've seen Champlain—which is an equity firm designed to generate profits for shareholders—acquire Lobsters 'R' Us Seafood, Premium Seafoods, Captain Dan's Seafood, Chéticamp Fisheries, Riverside Lobster International, Downeast Cape Bald Packers and Petit De Grat Packers. There are even more subsidiaries, including Cape Bald, as well as Boston Lobster Company and Boston Wholesale Lobster in the United States.

Most ominously, we see Champlain and others operating along the same lines. They're starting to move into the acquisition of bait dealers and bait freezers and packers in Atlantic Canada. It's very ominous for us.

Some of these acquisitions are a bit of a paper tiger, in the sense that fishermen in Nova Scotia still have free will to sell their catch to whomever they choose. Some of these lobster buyers that are being acquired are being acquired because of their access to product, but at any time, fishermen could leave those buyers and move to another one, so we've seen their intent move into trying to control the bait supply to ensnare fishermen in the future. It's very concerning to the industry.

• (1145)

**Ms. Lisa Marie Barron:** Thank you, Mr. Sproul. Thank you for that answer.

My next question is for Mr. Bonnell.

What are your thoughts? If there were to be a move to end foreign ownership and quotas, what would be the impacts on Ocean Choice International? What would be the impacts that you would foresee on local communities?

**Mr. Carey Bonnell:** From our standpoint, we operate as a 100% Canadian-owned and operated business.

I'll note that last week Mark Waddell appeared before the committee on the beneficial ownership survey and verified that in Atlantic Canada, at least 98% of all licences were in compliance in terms of domestic ownership.

From our standpoint, if there are foreign companies investing in the region, as long as the rules are being followed and aren't being broken, there's really nothing more for us to add on that front. We operate our business. We focus on running our own business as a company and we'll continue to do so.

**Ms. Lisa Marie Barron:** Thank you, Mr. Bonnell.

Has there been any discussion around what steps Ocean Choice International would be taking if an end to foreign ownership and quotas were put into place?

**Mr. Carey Bonnell:** That's not something we've discussed. Again, from our standpoint on the quotas side, there's full compliance in Atlantic Canada. Again, a forensic audit conducted by the Government of Canada over the past several months verified that 98% of all licences are in compliance in terms of Canadian ownership.

From our standpoint, it's a non-issue. If it were to become an issue at some point down the road, obviously that's something we would consider commenting on. As it stands today, we just don't see it as an issue. That was verified by the Government of Canada last week.

**Ms. Lisa Marie Barron:** Thank you for your answer.

My next question is again for Mr. Bonnell.

The public registry—which is, of course, a recommendation that came out in the 2019 study on west coast beneficial ownership—talks about information. What are your thoughts on this public registry and any implications that it might have on fisheries on the east coast?

**Mr. Carey Bonnell:** I'm not fully up to speed on the west coast occurrence.

On the east coast, what I'll say, as I indicated in my opening comments, is that we are fully compliant with owner-operator and fleet separation policies and the preservation of the inshore fleet in Atlantic Canada.

Jennifer Mooney made an appearance—I believe it was last week—and said they've pretty well audited about a quarter of all inshore licences in Atlantic Canada. They saw a high level of compliance with those policies. I'll take that from the Government of Canada as a real positive that the changes that have occurred are being followed and respected overall.

**Ms. Lisa Marie Barron:** Thank you.

I believe this is my last question, Mr. Bonnell, because I'll run out of time.

I would like to get your overall thoughts around the differences. I know that you're very much immersed on the east coast, but are there any thoughts you can provide to us as a committee around the differences in what's happening on the east coast versus the west coast, or some of the benefits or disadvantages?

**Mr. Carey Bonnell:** The only thing I can add on that topic.... I'm not immersed on the west coast, but I am on the Fisheries Council of Canada and I deal with a lot of colleagues on the west coast, a lot of family-run businesses, a lot of companies that have priorities similar to ours and similar objectives of providing meaningful value and creating meaningful employment for their members and their companies, as well as providing fair market value for harvesters. It's my understanding and my evidence that we all have a common goal here: to grow the Canadian seafood industry.

Ian is on this session. Ian and I have spent a lot of time over the years talking about this, about how we need more co-operation, more alignment to create more value in the global marketplace, and I think that's where our resources and energy should best be focused.

• (1150)

**The Chair:** Thank you, Ms. Barron.

We'll go to Mr. Arnold for five minutes or less, please.

**Mr. Mel Arnold (North Okanagan—Shuswap, CPC):** Thank you, Mr. Chair. I'll be sharing a little bit of my time with Mr. Perkins.

I'll start out with Mr. Bonnell.

Mr. Bonnell, how high on the priority list does a constant supply of products factor into your company's operations in order to meet your market, your sales?

**Mr. Carey Bonnell:** I would say it's critical on both the inshore and offshore portion of our business.

Stable quota shares are critical to us in our offshore business. We employ several hundred people in our offshore boats. Some of that product is a land-based process in processing facilities and the service supports that are provided for that.

On the harvesting side, we source raw material from about 1,900 independent fish harvesters in Newfoundland and Labrador, and that raw material is absolutely critical for the five land-based processing operations we have in the province, which employ about 1,000 people. It's something that's critically important to our business. A stable quota share in our offshore business and a stable quota supply for our land-based operations are very important to us.

**Mr. Mel Arnold:** I take it that a company like yours would do everything they could to make sure they had a reliable source of product.

**Mr. Carey Bonnell:** We do what we can within the rules that are provided. It's important to have relationships to ensure we have raw material for those operations, but I would also say, Mr. Arnold, that it's critically important as part of that relationship to provide the best market value we can for harvesters in terms of shore price. We have a global marketing sales and distribution network that puts a lot of time and energy annually into trying to maximize market opportunities for that product so that everybody wins, both the harvesting sector and the processing sector.

**Mr. Mel Arnold:** Thank you.

I'll switch to Mr. Sproul and Mr. MacPherson.

What we've been talking about is a lot of the foreign ownership of licences and quotas and the foreign control or centralized control of those licences and quotas. Are there other factors that would determine where a harvester may take their product, such as the supply chain for their operations—ice, fuel and gear and so on? Would control over the licences and quotas be the only piece that would need to be looked at, or are there other pieces as well?

**Mr. Colin Sproul:** Most fish harvesters in Atlantic Canada have long-standing relationships with the people who buy their seafood from them. Frequently they're provided with other services at the dock as an incentive to continue to sell. The concerns that are being raised by the industry are about consolidation of bait supply and the potential for price control from corporate consolidation as the bigger packers become aggregated, but there are also these larger corporations moving down the chain. They are on-the-dock buyers who are purchasing without even the knowledge of the fishermen who are selling to them at that point.

**Mr. Mel Arnold:** Mr. MacPherson, do you have anything to add before I have to switch to Mr. Perkins?

**Mr. Ian MacPherson:** I wanted to add, as Colin mentioned, that there are companies that are getting a pretty substantial foothold in the marketplace and controlling all those costs he mentioned. We share that concern for sure.

**Mr. Mel Arnold:** Thank you.

I'll give the floor to Mr. Perkins.

**Mr. Rick Perkins:** Thank you.

Mr. Sproul, you mentioned a number of foreign corporate interests that are buying buyers and other parts of the industry, but what about China? For example, on the south shore, I'm seeing China buy an awful lot of our buyers. What's the impact of that? I understand they also control the freight forwarder at the Halifax airport.

**Mr. Colin Sproul:** Thanks for the question, Mr. Perkins. I'm really happy to hear you raise that issue.

I think that one of the most important things that government can do is ensure national Canadian control of our logistics chain within the country. It's not something that should be privately controlled in any form, and it puts everybody under the influence of the people who own the logistics. Locally, Atlantic ChiCan in southwest Nova Scotia has bought at least six of its local competitors over the last year or year and a half. It shows that attempt to consolidate.

I think it bears pointing out that Chinese entry into the marketplace for seafood in Canada has been beneficial in some ways to the industry, but we need to strike a balance between making Canada open for business and making pathways for our products to new markets in Asia. We also need to protect the interests of fishermen and the sovereignty of our supply chain from Yarmouth to China.

• (1155)

**Mr. Rick Perkins:** These are under provincial licence—

**The Chair:** Thank you, Mr. Perkins. Your time is up.

We'll now go to Mr. Cormier for five minutes or less, please.

[Translation]

**Mr. Serge Cormier (Acadie—Bathurst, Lib.):** Thank you, Mr. Chair.

Mr. Bernatchez, before I go any further, could you tell me what species the owner-operators you represent fish? Do you represent owner-operators who fish crab, for example?

**Mr. Claudio Bernatchez:** Yes, absolutely. The owner-operators I represent fish pretty much everything in the Gulf: crab, shrimp, groundfish, everything in there.

**Mr. Serge Cormier:** Okay.

In recent years, crab licences have become exorbitantly expensive, as you said earlier. The same is true for lobster licences, but my questions are more related to the crab fishery. You also said that when licences are held by companies or fishers from other regions, it weakens our fisheries and causes us to lose expertise.

I've had crab licence owners who have left my region to go to yours. I think you're aware of that. So we've lost that expertise in our region, but we've also lost jobs, captains and deckhands.

New Brunswick has a different residency requirement of only six months, as you probably know, whereas Quebec's is two years. Do you think that rule is fair?

What do you think would happen if fishers from New Brunswick or elsewhere were to buy licences from you, in Quebec, and brought them back to New Brunswick? What would your reaction be?

**Mr. Claudio Bernatchez:** As I said in my speech, I'm all for free enterprise. So I would expect that to happen. We aren't immune to that.

To answer your question, Mr. Cormier, if the regulations put in place by DFO applied uniformly across the country, even in the different regions of the same province, there wouldn't be such surprises.

I don't understand why the residency requirements are different from one province to another. I don't understand why constraints are imposed on different regions of the same province to carry out licence transactions. It makes no sense to me.

I could also tell you about the depth limits for fishing certain species. Why is it so different from one place to another?

[English]

**Mr. Serge Cormier:** Mr. MacPherson, it's the same kind of question. In 2019, there was a lobster fisherman from P.E.I., Brody DesRoches, who bought a crab licence from my region for a couple of million dollars. The price tag was probably between \$10 million and \$15 million. At that time, DFO said that all the rules were followed.

Do you believe that, and do you know that case?

**Mr. Ian MacPherson:** Certainly the price of lots of licences is a big concern. It would be interesting to see the economics on that, and, I guess, how many other bids there were. What were those bids in terms of the true market value for a licence like that?

**Mr. Serge Cormier:** I guess my question is more on whether you think all the rules were followed in the purchase of that licence.

**Mr. Ian MacPherson:** I don't know the specifics of that, but one thing that harvester groups were collectively advocating was very tough and rigorous rules that had to be followed. You get into confidentiality, obviously—

• (1200)

**Mr. Serge Cormier:** Of course. I understand that. My father was a lobster fisherman for almost all his life. As you said earlier, lobster licences are sky-high, if I can say so. They're worth a lot now. It's difficult, I think, for the next generation, the younger generation, to buy a licence. It's difficult for them to go to the bank and have a credit margin or whatever—a loan.

We have some programs for first nations that give them the opportunity to buy permits. It's all good. Do you think we can also have some kind of program like that for the younger generation of fishermen, who want to keep this tradition going and be able to buy a licence? Do you think we should put in place some programs across Canada to make sure that the younger generation can continue fishing?

**Mr. Ian MacPherson:** Absolutely. We have quite a good program on Prince Edward Island, I must say. It's not so much on the financing, but it's more to teach the skills of what you need to do and how to run your business to be successful and survive. I've had calls from other organizations, and we've shared that information—

**Mr. Serge Cormier:** Here's a quick question: Do you think new fishing regulations will make sure that all those side deals that go on sometimes won't happen again, or are they still happening?

**Mr. Ian MacPherson:** Our concern is that they're still happening.

**The Chair:** Excuse me, Mr. Cormier. Your time is up, but we can ask Mr. MacPherson to send that answer in writing to the committee.

We'll now go to Madame Desbiens for two and a half minutes, please.

[*Translation*]

**Mrs. Caroline Desbiens:** Thank you, Mr. Chair.

Mr. Bernatchez, in the context of your testimony and your comments, are you surprised to know that fishers and fishing organizations are asking to testify confidentially? Does that surprise you?

**Mr. Claudio Bernatchez:** I can't tell you why there are people who want to testify confidentially. I hope that we can all feel comfortable testifying. I believe that we have nothing to hide, at least that's what I hope. Let's be transparent. Let's make sure that together we can continue to develop a fishing industry in Canada that takes all realities into account, but let's do it in a consistent way.

**Mrs. Caroline Desbiens:** Thank you.

You mentioned regulation earlier. Regulation means penalties; penalties mean oversight in order to enforce them. Can you confirm for me that there would have to be more enforcement staff on the ground to enforce penalties?

Can this be part of a financial audit framework for companies and investment corporations?

**Mr. Claudio Bernatchez:** I don't have an answer for how to do it.

I think that if our government had more resources to enforce regulations, we could avoid some of the situations that have been experienced, such as the ones we've heard about today and others to come. Otherwise, as in everything else, if no one maintains order, chaos will ensue.

**Mrs. Caroline Desbiens:** Do you think financial penalties would be necessary?

**Mr. Claudio Bernatchez:** As far as I know, the financial penalties sometimes imposed on violators are really—

**Mrs. Caroline Desbiens:** They don't do much.

**Mr. Claudio Bernatchez:** It doesn't really hurt.

However, if we were to take away a licence from someone who obtained it in a questionable or illegal way, that could start to hurt.

**Mrs. Caroline Desbiens:** Thank you very much.

[*English*]

**The Chair:** Thank you, Madam Desbiens.

We'll now go to Ms. Barron for two and a half minutes or less, please.

**Ms. Lisa Marie Barron:** Thank you, Mr. Chair.

My question is for Mr. Sproul.

If we were to move ahead with ending foreign ownership and quotas, what are your thoughts around enforcement? Do you feel that it would be easily manageable?

**Mr. Colin Sproul:** My expertise is in fisheries management and in fisheries, not in regulations, but I think that there needs to be some type of an ownership test applied to the corporations that are involved. If they're found to be in violation, the quotas they're possessing should be returned back to the Canadian public and used for the principles of new entry into the fishery and for reconciliation.

**Ms. Lisa Marie Barron:** Thank you, Mr. Sproul.

Do you have any additional thoughts around the differences that we're seeing in the east versus the west, and the advantages, benefits and takeaways that we should be considering as a committee?

**Mr. Colin Sproul:** I certainly do.

I think that the dire and sad situation of independent inshore fishermen in British Columbia should be a warning to everybody in this room. The government and fishermen should work together and do everything we can to prevent a similar situation from destroying east coast fisheries, which have proven to be the bedrock of our economy and an economic renaissance in Atlantic Canada.

In British Columbia, where we see overwhelming corporate concentration of the industry, there's a massive difference between the scale of the benefits being returned to coastal communities from the fishery and what we see here in Atlantic Canada. I think that we should heed it as an ominous warning.

**Ms. Lisa Marie Barron:** Thank you, Mr. Sproul.

Mr. Bonnell, I asked you quite a few questions in the last round. I want to provide you with an opportunity before I wrap up my questions. Do you have any final thoughts for the committee that we should be considering in our recommendations moving forward?

• (1205)

**Mr. Carey Bonnell:** No. I made the point earlier that all I can do is speak for the Atlantic coast. Certainly on the Atlantic coast, we have a high level of compliance, both in terms of domestic ownership as well as in following the existing inshore policies. We'll continue to operate within that framework and respect that, and hopefully provide value for both the harvesting and processing sectors.

We're all committed to rural Newfoundland and Labrador in our case—and rural Atlantic Canada—as businesses and operators. We need to focus on more co-operation, from my standpoint.

**The Chair:** Thank you, Ms. Barron.

We'll now go to Mr. Bragdon for five minutes or less, please.

**Mr. Richard Bragdon (Tobique—Mactaquac, CPC):** Thank you, Mr. Chair. I'm yielding my time to Mr. Perkins. Thank you.

**Mr. Rick Perkins:** Mr. Sproul, the issue of supply agreements was discussed earlier by MP Small. We used to have trust agreements, but the owner-operator policy made trust agreements illegal. Smart lawyers managed to find another way around that through supply agreements.

While you mentioned earlier that fishermen always have a choice as to which buyer they sell to, in the case of supply agreements—or our supply agreements in Nova Scotia, as I understand it—they don't really have a choice, particularly when it involves financing their vessel. Is that correct?

**Mr. Colin Sproul:** Yes. I think what we've seen is that companies that were attempting vertical integration through trust agreements have diverted to other legal mechanisms, be they controlling financial agreements or supply agreements. These agreements demand that harvesters deliver their lobster to a certain lobster buyer, who was the real owner before that, when the operator was a nominal owner, and now they're being forced to sell to those vertically integrated companies at a depleted price, below everyone else in the industry.

**Mr. Rick Perkins:** I'll go back to the first question I asked you, which was about LFA 41 and the impact of giving Clearwater a larger TAC. The current TAC is 72,000 tonnes, I believe. Is that it?

**Mr. Colin Sproul:** I don't have the numbers right here.

**Mr. Rick Perkins:** The impact of their having a larger TAC, without, as far as I can see, any science to support it, would mean what to the inshore?

**Mr. Colin Sproul:** One thing it means to the inshore fishery, which is more subtle to discern, is that it would create downward

price pressure on the industry, allowing Clearwater to put lots more lobsters onto the market in advance of the opening of the winter lobster fisheries in southwest Nova Scotia, which is an activity we've seen over and over for decades. This would further strengthen the corporation's ability to affect lobster prices regionally.

**Mr. Rick Perkins:** Is China's acquisition of fish buyers and other businesses having any impact yet on price?

**Mr. Colin Sproul:** I think it was clear to all fishermen that the entry of Chinese buyers into the marketplace has initially had an upward influence on price.

Lobster fishermen, prepandemic and during the pandemic, were enjoying good lobster prices. I think the fear lies in the conglomeration. The clear answer here is that there needs to be some mechanism put in place to deter companies from owning more than a certain amount of lobster processing or exporting ability.

I don't want to paint all Chinese entry into the marketplace with one brush and say it's negative. Clearly, we need markets in Asia and we need to keep developing more markets for lobster, but we need to do it in a way that prevents any one company from gaining too much control. We need to grapple with the issue of collusion among these companies to set region-wide price fixes in the lobster industry, which is unlawful.

**Mr. Rick Perkins:** Are they paying market price for these companies?

**Mr. Colin Sproul:** We wouldn't be party to what they're paying, but I suggest they're paying really high prices for these companies.

The other thing we're seeing is the original ownership of the companies nominally staying in place, which I believe is an attempt to retain the personal relationships between fishermen and the buyers.

**Mr. Rick Perkins:** I've heard that lobster buyers in southwest Nova Scotia have to take their lobsters now to Moncton, New York or Chicago to get them out, because of the foreign control of the live seafood terminal at Halifax. Is that true?

**Mr. Colin Sproul:** Yes, I've heard the same reports as well. It's putting Canadian-owned buyers at a disadvantage, clearly.

• (1210)

**Mr. Rick Perkins:** It's a disadvantage not only in transportation, but also in terms of, I presume, the cost that the freight forwarders are—

**Mr. Colin Sproul:** Yes, certainly the cost would be greater.

**Mr. Rick Perkins:** I'll yield my time to Mr. Small or Mr. Arnold.

**Mr. Mel Arnold:** How much time do I have, Mr. Chair?

**The Chair:** You have 35 seconds.

**Mr. Mel Arnold:** Okay.

We seem to be in a mixture of federal or provincial jurisdiction. Is the processing under federal or provincial jurisdiction? Would the federal regulations have any sway in the ownership of processing, Mr. Sproul?

**Mr. Colin Sproul:** In Nova Scotia, the licensing of fish buyers and processors is a provincial matter, but I think there is a role for the federal government to play, especially when it comes to foreign ownership. It seems to me that the onus switches at that point to the federal government to stand up for Canadians and to stand up for the Atlantic provinces.

**The Chair:** Thank you, Mr. Arnold.

We'll now go to Mr. Kelloway to finish off.

**Mr. Mike Kelloway (Cape Breton—Canso, Lib.):** Thank you, Mr. Chair.

It's good to see everyone here online and in person with respect to this study.

I'm going to focus on Mr. Sproul. I'm going to ask a couple of questions and then let it rip in terms of your answers to us.

In trying to encapsulate the discussion that we're having today, in terms of creating a stronger economy in Atlantic Canada when it comes to the seafood sector and ensuring that there is a balance where there needs to be balance with Canadian-owned companies, what are three things we could be doing now in a short period of time, and what are three long-term things that could strengthen that? Those are two questions.

The third question is around a question that Mr. Perkins brought up that I'm interested in unpacking a bit.

We understand that processing, for the most part, falls under the domain of the provinces. You mentioned national control of the logistics chain. I wonder if we could unpack that a bit. Number one, why is it important? It's obvious, probably, to many of us around the table, but I want to go deep on that.

Also, what are your thoughts in terms of tightening up the relationship between the province and the feds where we can?

**Mr. Colin Sproul:** In the near term, I think government needs to recognize that in Canada's most valuable fishery, lobster, bait is a critical issue. We're facing a bait crisis because of conservation measures that have been enacted by the department in pelagics. I think the government needs to create pathways to connect lobster fishermen with bait through quota allocations.

I also think the government needs to consider the fact that... We're all here today to try to preserve the future of this industry. New entrants are now faced with a competitor, and the competitor is the Department of Fisheries in its willingness and in its need to

integrate moderate livelihood fishers into our industry. The government needs to take a step back and recognize that each action it takes has an unintended consequence on new entrants to the fishery. It may be harder than ever at this time for a new guy or gal to join this industry. I think that's something we all need to recognize.

In the long term, logistics will be a big part. For me, the most important thing that the government needs to do is.... It's no secret that there's a blue economic strategy being pursued by the current government. The ocean is a finite place. Even though it seems really big to everybody else, the places that fishermen need to operate in order to remain profitable can sometimes be very small. I think there needs to be a recognition by the government that small-scale users of the resource, like inshore fishermen, deserve special consideration when it comes to carving out safe and sustainable places for them to fish in the future.

**Mr. Mike Kelloway:** Perhaps you could unpack better management control of the logistics chain. I think that's an important one to connect on.

• (1215)

**Mr. Colin Sproul:** I think it comes down to money. I think there needs to be investment by provincial and federal governments in Atlantic Canada to develop logistics that are independent of lobster buyers and lobster shippers. It's clearly a conflict for somebody to be buying lobsters at the dock, controlling the only way to ship them to Asia, and profiting on both ends and everywhere in the middle. I think that's going to require investment by provincial and federal governments, and I encourage those governments to work together to that end.

**Mr. Mike Kelloway:** Mr. Chair, how much time do I have left?

**The Chair:** Actually, you have 40 seconds, but I'd like to take it so that we have time to change out for our in camera portion.

**Mr. Mike Kelloway:** Let's make it happen.

**Mr. Rick Perkins:** You're a generous man.

**Mr. Mike Kelloway:** I'm a generous man.

**The Chair:** Thank you, Mr. Kelloway, given it's a Monday and everything else.

I want to say thank you to our witnesses—Mr. Bernatchez, Mr. Sproul, Mr. Bonnell, Ms. Aylward and Mr. MacPherson—for joining us here today and sharing their knowledge with the committee as we navigate through this study.

Again, thank you, one and all.

We now have to sign out. Some of us will have to sign back in again.

Thank you.

[*Proceedings continue in camera*]







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

---

### SPEAKER'S PERMISSION

---

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

---

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

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

---

### PERMISSION DU PRÉSIDENT

---

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

---

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :  
<https://www.noscommunes.ca>