Western Nova Scotia Lobster Dealers

A coalition of Lobster dealers in western Nova Scotia

The purpose of the coalition is to advance the interest of the Lobster industry in cooperation with governments and other industry players.

Honorable Robert G. Thibault, spokesperson (902) 769 7180

Supply chain

Any industry requires a stable and efficient supply chain to bring its products or services to market. The best producers, innovators, professionals or tradespeople will not maximize values unless their ideas, products or services are efficiently presented to end users at the time and form that best meets their needs.

Lobster dealers are an integral and critical component of the international supply chain. Lobster dealers have evolved from buyers of lobster and sellers of bait to a complete marketing role.

Historical role

Traditionally, lobster dealers would lend money to individual fisherman wishing to purchase the equipment necessary to enter industry. In return fisherman would sell their catch to the subject lobster dealer.

Lobster dealer would sell their product to wholesalers in eastern United States who in turn would market the lobster along the eastern seaboard of the U.S.

Lobster could be held for short periods in lobster cars or for longer periods in salt water enclosures, lobster pounds. Such holding facilities served to build up necessary inventory for shipping in the near term or to hold product in speculation of improved prices in longer term.

Evolving role

Lobster dealers have been evolving in a manner that has increased the value and yield of industry at all levels. Harvesters are experiencing record sustained prices, lobster licence prices sell at a premium and shipbuilding and industry service sectors are benefitting from a financially successful industry.
Marketing

Western Nova Scotia Lobster dealers have become full fledged lobster marketers and are active in all sectors of activity that it encompasses.

Lobster is largely stored in environmentally controlled holding facilities thereby improving quality and shelf life.

Lobster dealers have been active in identifying international and domestic markets thereby increasing value and reducing price fluctuations to harvesters.

Product is being presented in the form that is convenient to the market being serviced. No longer is crate run to the U.S. the primary product, lobster is packaged and shipped according to the quality demanded by the customer and priced accordingly.

Affiliations with other dealers and processors have been created, permitting the addition of more value-added products to the Nova Scotia offering.

The efforts listed above have contributed to the development of need for year-round predictable air cargo capacity to international destinations. It is now feasible for shipping companies to consider investments in that infrastructure. Such investments have been occurring.

Challenges

While we can be very proud of what has been accomplished over the last decades and we have reason to be optimistic about the future we cannot be complacent.

To maintain this momentum and to justify further investments in marketing and related infrastructure fish dealers require two underpinning factors to be present; Security of supply and Protection from unfair or dubious competition.

By lending money for equipment purchases to harvesters, lobster dealers could historically ensure a certain level of security of supply. As the cost of entry into fishery experienced exponential growth over the last two decades, dealers have found it necessary to find new instruments to attach loyalty to licences. These instruments present challenges of their own. It is important to realistically review DFO policies in this regard. It is our contention that DFO objectives, Lobster Dealers interest, and harvester’s capital requirements have mutually beneficial solutions.

Lobster dealers thrive in a very competitive market. They compete for supply and this helps maintain a fair and lucrative price for harvesters. They compete in the international market and this helps maintain employment in Nova Scotia and create wealth in Canada by positively contributing to our trade balance.

To compete and properly market lobster today and in the future, it is necessary to invest in and maintain human and physical infrastructure. It is difficult to make a business case for such investment if there is not a reasonable assurance that the supply needed to service those investments will be present.
Conditions persist that permit dubious individuals to destabilize the supply chain. Their activities and methods are not consistent with Canadian laws or good business practices. These individuals generally do not operate the infrastructure to ensure product safety and quality. The Coalition seeks to create an environment that will foster exemplary business practices.

Considerations of Bill c-68

**Owner operator** – this act will permit the Government to establish regulations in support of the Owner – Operator Policy. Our coalition does not express objection to the policy but would like the Committee and Government to regulate in a manner that recognizes variances in market conditions and industry needs within regions.

We would advance that permitting Lobster Dealers to act as financial institutions in Western Nova Scotia would be consistent with the principals of the policy. This would help to maintain access to capitol for individuals to purchase harvesting enterprises. Dealers could lend money to individual at reasonable risk by holding some security on licence.

The coalition understands that these loans would have to be structured in a way that satisfies the requirement of the stated objectives of owner – operator policy Harvesters could satisfy their debt and be free of all related contractual obligations. Until the debt is satisfied, lenders could be reasonably assured of security of supply.

As government and industry gain experience with, and adjust the conditions, of this programme it could be considered for other regions if desired.

**Socio – economic management** – while the goals of managing for socio -economic objectives is laudable it comprises great risk. The fishing industry is, at it’s core, an industry. Industry thrives when it is managed in accordance to solid business principles.

Governments primary role in fish management should be assuring the protection and conservation of the resource. This is accomplished with strong science and adequate enforcement.

The entrepreneurial spirit best satisfies the role of deriving economic benefit from the industry, social benefits will ensue.

Our society will benefit from the maximizing of economic benefits that can be derived from the resource. This is limited only by the value of the product the last time it changes hands. As this value is increased so are the interest and returns of participants at all points on the supply chain. Government interventions seeking to help communities could have unwanted adverse effects.

**Conclusion**

The Coalition respectfully requests that you consider our concerns and our suggestions. We believe that by permitting for local variations in implementation of stated principals we can achieve universal
benefits. We understand that this can be achieved thru the regulatory process and hope you ensure that the act does not preclude it.