



The Lobster
Council of Canada
ANNUAL REPORT
2013-2014



MESSAGE FROM THE PRESIDENT



Carl Allen, Marc Surette, Carl MacDonald and Jeff Malloy, President The Lobster Council of Canada

It's fair to say that there is never a dull moment in the lobster sector and 2013/2014 once again proved that we are making great progress but continue to face challenges. The reports of both the Maritime Lobster Panel and the Independent Review of the Prince Edward Island Lobster Industry are helping us bring about reform and change to our industry that impacts all stakeholders including harvesters, processors, buyers/dealers, live shippers, First Nations and the governments of the five Atlantic Provinces and the federal government.

The role of the Lobster Council of Canada is to provide leadership to these industry stakeholders and to collaborate and to communicate with all – effectively serving as the voice of the industry. The Lobster Council of Canada's ultimate goal is to build long-term value and growth for the Canadian lobster industry.

We need to always remember that Canada is the world leader in lobster harvesting, live shipping and processing but due to our size and fragmented structure we have not told a consistent story to the world. The Lobster Council of Canada is trying to change this and in the past year we have made great strides on branding, eco-certification, issues of marketability related to quality and

the development of a generic marketing strategy. All of our efforts and focus are designed to support the Canadian lobster sector which is worth approximately \$1.7 billion to the Canadian economy and lay the foundation for future growth and long term sustainability for our coastal communities.

While we are making progress many challenges confront us every day. The chronic labour shortage remains a major issue for the seafood sector that requires immediate and long-term solutions. The rise in processing capacity and government support from Maine will challenge our current business models and we continue to strive to find ways to collaborate and co-operate within our own Canadian lobster sector.

I encourage all stakeholders – processors, harvesters, live shippers, buyers and First Nations to get involved and join the Lobster Council. There are many issues, many voices and many opportunities ahead of us but we need you to be at the table to be successful!

I would like to extend sincere thanks to the provincial governments of Nova Scotia, Prince Edward Island, New Brunswick, Newfoundland and Quebec for their core funding support for the Lobster Council of Canada. We also

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***Jeff Malloy,
President, The Lobster Council of Canada***

receive federal support from the Atlantic Canada Opportunities Agency, the National Research Council and Agriculture and Agri-Food Canada for which we are grateful. Our membership base is growing but it is imperative to have government support and to work together to continue to build more value in the Canadian lobster sector.

Speaking of a solid team, I would be remiss if I didn't acknowledge the hard work of the Lobster Council's Board of Directors, all of whom are volunteers and spend hundreds of hours of their time with no financial compensation, to advance the lobster sector. We are guided by and united by a passion for the sector.

I would also like to give a special thank you to both Geoff Irvine, our Executive Director and Janet Hawley, Manager of Communications and Projects. Geoff has a passion for this industry that goes well beyond his employment responsibility and Janet has been a very important addition to our team with her exceptional communication and organizational skills.

The past 12 months have been a whirlwind of activity as we work towards this goal. I feel confident in saying that momentum is growing in the industry and I see people, companies and organizations getting engaged and I look forward to continuing this work in 2014/2015.

Respectfully submitted,
Jeff Malloy

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WHO WE ARE



The LCC is working to increase demand and price for Canadian Lobster by bringing together industry stakeholders to work on projects/issues of mutual benefit and to serve as the voice of the Canadian lobster industry.

The Lobster Council of Canada was established in 2009 to bring together all Canadian lobster industry stakeholders including harvesters, live shippers, processors, First Nations, and governments to work on projects and or issues of importance to the lobster sector in Canada.

Areas of focus currently include lobster quality and traceability, a national branding strategy, marketability and market access challenges and opportunities.

Boasting government support and members from across Atlantic Canada and Quebec, the Lobster Council of Canada is guided by a council which consists of its members and an elected board of directors.

This diverse group of individuals and companies are the lifeblood of the association.

Members provide needed sustainable funding to the association and also provide direction on the issues facing the lobster sector.

Membership in the Lobster Council of Canada is growing as more and more momentum builds in the lobster industry.

If you would like more information on joining The Lobster Council of Canada, contact Geoff Irvine, Executive Director at 902-423-1155 or geoff.irvine@lobstercouncilcanada.ca

2013-2014 Lobster Council of Canada Board of Directors

**WHO
WE
ARE**

Harvesters	Processors/Live Shippers	First Nations
Peter Boertien, Prince Edward Island Fishermen's Association	Jerry Amirault, NS/NB Processors Association	Ed Frenette, Atlantic Policy Congress of First Nations Chiefs Secretariat Inc.
Ronnie Heighton, Gulf of Nova Scotia Fishermen's Coalition	Jeff Malloy, Acadian Fishermen's Cooperative	Hubert Nicholas, Membertou First Nation
Leonard LeBlanc, Gulf Fleet Planning Board	Catherine Boyd, Clearwater Seafoods Ltd.	
Zoel Breau, Maritime Fishermen's Union	Marilyn Clark, Nova Scotia Fish Packers Association	
Ashton Spinney, Lobster Fishing Area 34	Stewart Lamont, Tangier Lobster Ltd.	
Laurence Cook, Lobster Fishing Area 38	Spiros Tourkakis, Paturel International and East Coast Seafoods	
Eugene O'Leary, Guysborough County Inshore Fishermen's Association	Gilles Maillet, Shediac Lobster Shop	
Keith Sullivan, Fish Food and Allied Workers	Robert MacDonald, Gidney Fisheries	
Kevin Hardy, Lobster Fishing Area 12	Pam Perrot, Beach Point Processing	
	Maxime Smith, Unipêche M.D.M	

MEMBERS 2013-2014

Nova Scotia

- Alain Bossé Consulting
- Aquashell Holdings Inc.
- Atlantic Catch Data Ltd.
- Atlantic Policy Congress of First Nations Chiefs Secretariat
- Bakers Point Fisheries Ltd.
- BMC Seafoods Ltd.
- Ceilidh Fishermen's Co-op Ltd.
- Certainly Cinnamon Catering
- Chase's Lobster Pound Ltd.
- Clearwater Seafoods Inc.
- Eastern Shore Fishermen's Protective Association
- Fishermen's Market International
- Fundy Fixed Gear Council
- Gidney Fisheries Ltd.
- Gulf NS Bonafide Fishermen's Association
- Gulf NS Fishermen's Coalition
- Gulf NS Fleet Planning Board
- Guysborough County Inshore Fishermen's Association
- Halifax International Airport Authority
- Halifax Port Authority
- Kintetsu World Express Inc.
- LFA 27 Management Board
- LFA 34 Management Board
- Lobster World Inc.
- Lobsters R Us Seafood
- Longshore Fisheries Ltd. (NEW 2014-2015)
- Maritime Fishermen's Union Local 6
- Merrill MacInnis
- Mime'j Seafoods Ltd.
- North Bay Fishermen's Co-op Ltd.
- North Nova Seafoods
- Nova Scotia Fish Packers Association
- Pecheries Cheticamp Fisheries (NEW 2014-2015)
- PC Forwarding
- Premium Seafoods Group
- R.I. Smith Co. Ltd.
- R&K Murphy
- Sambro Fisheries Ltd.
- Sea Star Seafoods Ltd.
- Ships Lobster
- Simply Fresh Seafood Inc.
- Tangier Lobster Company Ltd.
- UPS (NEW 2014-2015)
- Vernon D'eon Lobster Plugs Ltd.
- Victoria Co-operative Fisheries Ltd.
- W. Sears Seafood Ltd.
- Wedgeport Lobster Ltd.
- Woods Harbour Lobsters Ltd.
- Worldwide Perishables Canada Co.
- Xsealent Seafood Company



New Brunswick

- Alma Fishermen's Association
- Cape Bald Packers Ltd.
- Couture Interpretations
- East Coast Seafood/Paturel International
- Fundy North Fishermen's Association
- Gourmet Chef Packers
- Grand Manan Fishermen's Association
- Greater Moncton International Airport
- Island Fishermen Cooperative Association Ltd.
- Maritime Fishermen's Union
- Orion Seafood International
- Raymond O'Neill & Sons Fisheries
- Shediac Lobster Shop
- Trico Seafoods Inc.
- Trinav Fisheries Consulting Ltd.
- Westmorland Fisheries Ltd.

Prince Edward Island

- Acadian Fishermen's Cooperative
- Aquatic Science & Health Services
- Beach Point Processing
- By the Water Shellfish
- Canada's Smartest Kitchen
- Edwin McKie
- Mi'kmaq Confederacy of Prince Edward Island
- North Lake Fisheries
- Prince Edward Island Fishermen's Association
- Seafood 2000 Ltd.



Newfoundland and Labrador

- Fish, Food and Allied Workers
- Ocean Choice International

Quebec

- Alliance des pêcheurs professionnels du Québec/LFA 22
- Cooperative des pêcheurs de Cap-Dauphin
- Lelièvre, Lelièvre et LeMoignan Ltée.
- Montreal Fish Co.
- Sogelco International Inc.
- Unipêche M.D.M.

Ontario

- Lobster4Dinner
- Sobeys Inc.

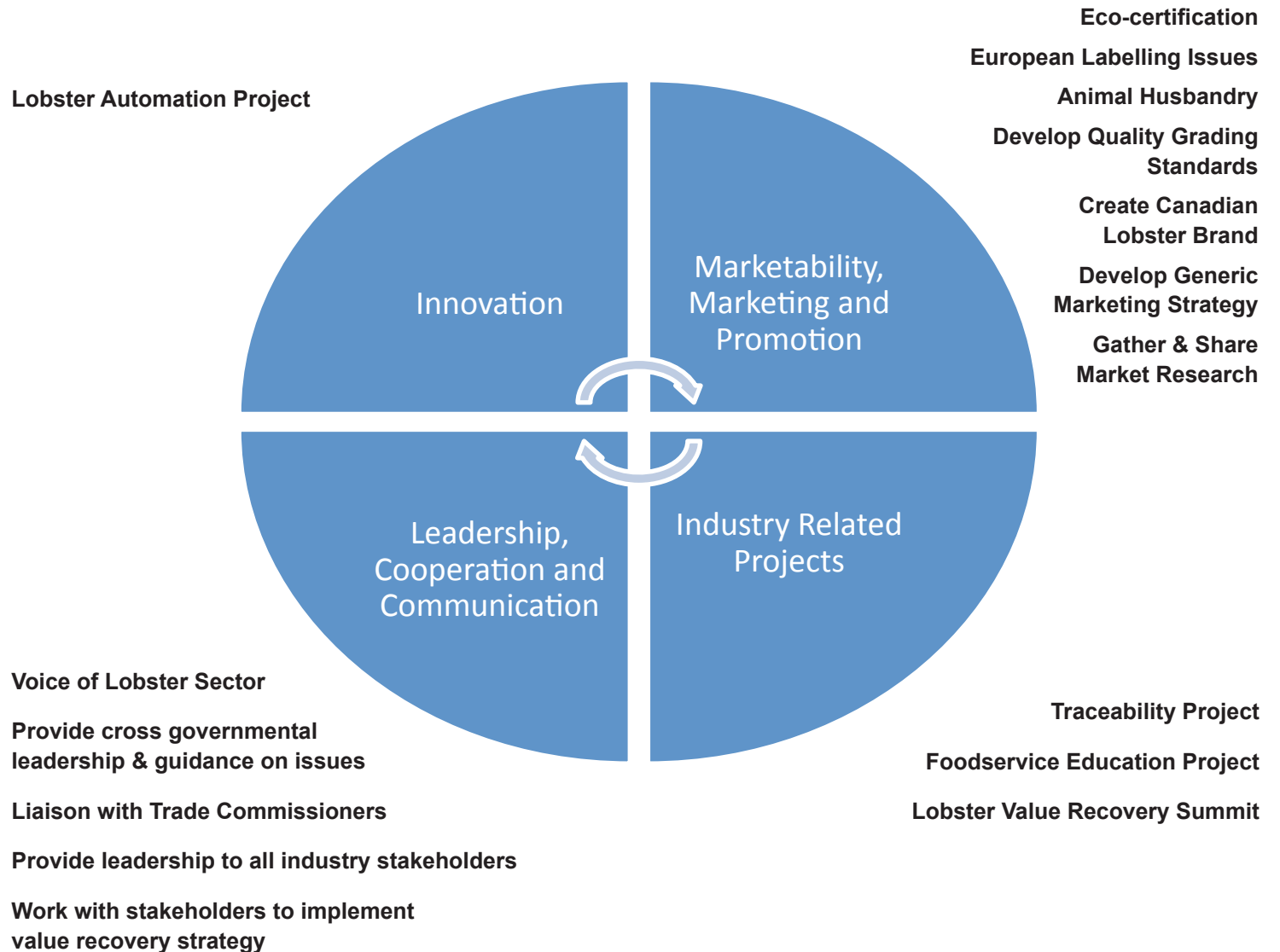
USA

- Off the Beaten Palate

MEMBERS 2013-2014

WHAT WE DO

Building Long Term Value And Growth For The Canadian Lobster Industry



WHAT WE DO



MESSAGE FROM THE EXECUTIVE DIRECTOR



Jeff Malloy, President; Leonard LeBlanc, Past President; Eugene O'Leary, Vice President, Board Member; and Geoff Irvine, Executive Director.

I am delighted to report that 2013/2014 was the most successful year to date for the Lobster Council of Canada. Our membership grew by 59% as our support base continues to solidify. We received validation on our work-plan and priorities from the recommendations of the Maritime Lobster Panel, the Independent Review of the Prince Edward Island Lobster Industry and the Ivany Report in Nova Scotia. As well, we made significant progress on industry related projects related to the marketability of lobster. Project updates follow.

The **Quality Grading Project** saw a task group of sector experts from all provinces convene to review current quality grading practices, differences in quality from region to region and best practices in other quality protein sectors. With the assistance of Dr. Jean Lavallee, the task group has completed a draft final report, "Quality Grading Task Group Report" which recommends pilot projects and industry – wide adoption of the final quality grading standards.

Another exciting marketability project involved the creation of a new **brand for Canadian Lobster**. Grounded in customer facing research and managed by a task group of lobster sector participants, the new brand will help the industry celebrate the values which unite us, and to position lobster more effectively in the increasingly competitive market for premium protein. The Lobster Brand project defined a brand vision, mission, promise and core values as well as a new graphic image. Our job as a sector is to live the values and consistently deliver on the brand promise to *"Consistently and sustainably deliver the highest quality and most flavorful live and processed lobster to consumers who value the best."*

Another important and timely project was a **diagnostic study on automation in the lobster processing sector** in Atlantic Canada. This study analysed how digital automation could be utilized in lobster processing at five different processors in the Atlantic Provinces. The final report highlighted seven areas where automation could

be introduced in the lobster processing sector. This topic is top of mind with processors as they grapple with the current chronic labour shortage caused by changes to the Temporary Foreign Workers Program. The final report, "Lobster Productivity Enhancement Study" was released in March 2014.

At the request of the Canadian Fisheries and Aquaculture Ministers (CCFAM) and with the support from the New Brunswick Department of Fisheries, the Lobster Council of Canada is managing a project to develop a **comprehensive lobster traceability program**; analyzing the readiness of the Canadian lobster industry to comply with international traceability requirements. The project is now in its third and final phase which will see workshops being held to present the traceability final report.

One of the most significant accomplishments of the year was the progress made on **eco-certification**. Increasingly in demand by consumers around the world, eco-certification is attained by fisheries that operate in an ecological responsible manner to minimize harmful impacts to the environment. It also helps consumers identify seafood products that have achieved specific sustainability standards. All lobster fishing areas in Quebec, New Brunswick, Prince Edward Island and Nova Scotia are approved or are currently in full assessment of their lobster fisheries under the principles of the **Marine Stewardship Council (MSC)**. The Lobster Council is acting as the "Secretariat" for the NS/NB group for which a small amount of revenue is generated for the Council.

Much of our work in the latter part of 2013/2014 focused on organizing the **Canadian Lobster Value Recovery Summit**, the purpose of which was to provide an opportunity for all industry stakeholders to discuss the four key value recovery recommendations of The Maritime Lobster Panel and provide feedback to the provincial governments in attendance.

The Summit, which occurred in March 2014, was an important step in bringing a fragmented lobster community together. Since the Summit all governments are working with their respective stakeholder groups to make a levy or some type of a collection system a reality. This will allow us to finally begin to support generic marketing and other priorities with funding directly from the lobster sector.

As each group of stakeholders begin to understand the amount of money at play they will naturally wish to influence where that money is invested, therefore a comprehensive plan is required that can be adopted and championed by all. A major project for 2014/2015 is the development of a **generic marketing strategy** that will provide this detailed plan. The plan is scheduled to be completed by December of 2014. Argyle Communications has been hired to carry out this work with a marketing committee leading this important project.

I want to thank our hard working board, council and other key people who daily work to make the sector profitable and sustainable for generations to come. The past fiscal year was a watershed year for the lobster sector. Let's keep the momentum going!

Respectfully submitted,
Geoff Irvine



2013-2014 SCORECARD

Core Focus	Responsibilities	Mandate	2013	2014	2015
Leadership, Cooperation and Communication	Provide cooperation and leadership to industry stakeholders	IR - #10	Blue	Green	Green
	Set up a framework to set out the specific details of the Value Recovery Strategy	MLP - #30	Red	Green	Green
	Consult with harvesters and on-shore sectors to set out the specific details of The Value Recovery Strategy	MLP - #31	Red	Green	Green
	Provide cross-provincial and cross-sector (processing/liveshipping/harvesting) leadership & guidance	LCC	Blue	Green	Green
	Communicate with industry stakeholders - provincial and federal governments; trade commissioners; harvesters; processors; live shippers; First Nations; buyers/dealers	LCC	Blue	Green	Green
	Continue to serve as the "VOICE" of the Canadian Lobster Industry	LCC	Blue	Green	Green

Core Focus	Responsibilities	Mandate	2013	2014	2015
Innovation and Industry Related Projects	Provide support for new product development and implementation	IR - #8	Red	Green	Green
	Lead projects that benefit the Canadian Lobster Industry	LCC	Blue	Green	Green
	Lead and Complete the Lobster Automation Project	LCC	Green	Green	Blue
	Lead and Complete the Traceability Project	MLP-#24	Green	Green	Blue
	Secure funding for new projects	LCC	Blue	Green	Green
	Play a leading role in the organization of the Lobster Value Recovery Summit	MLP	Red	Green	Blue

2013-2014 SCORECARD

Core Focus	Responsibilities	Mandate	2013	2014	2015
Marketability, Marketing and Promotion	Introduce a levy system to fund a Canadian lobster marketing strategy, the market intelligence institute, and price setting mechanisms	MLP-#29 IR - #4			
	Develop and Implement a comprehensive generic marketing & promotion campaign for Canadian Lobster	MLP-#26			
	Develop industry quality grading standards	MLP-#18			
	Develop and implement quality standards and controls	IR-#5			
	Establish an independent Maritime Lobster Market Intelligence Institute	MLP-#25			
	Analyse and communicate relevant and timely information relating to the lobster industry	LCC IR-#9			
	Conduct and distribute relevant research	LCC			
	Create Canadian Lobster Brand	LCC			
	Issues Management - i.e. Animal Husbandry	LCC			
	Support Market Access - i.e. MSC eco-certification	LCC			

in progress	complete	not started
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IR = Independent Review of the Prince Edward Island Lobster Industry	MLP = Maritime Lobster Panel	LCC = Lobster Council of Canada
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REVIEW ENGAGEMENT REPORT

To the Board of Directors of:
The Lobster Council Of Canada

We have reviewed the statement of financial position of **The Lobster Council Of Canada** as at March 31, 2014 and the statements of operations, changes in net assets, and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Organization.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Dartmouth, Nova Scotia
July 4, 2014


Chartered Accountants

THE LOBSTER COUNCIL OF CANADA 2
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2014
UNAUDITED


	2014	2013
	\$	\$
REVENUES		
Government grants	155,000	175,000
Project revenue	243,271	80,519
Membership dues	<u>83,600</u>	<u>53,055</u>
	<u>481,871</u>	<u>308,574</u>
OPERATING EXPENSES		
Advertising and promotion	19,433	17,307
Bad debts	1,700	2,000
Board travel	3,471	2,638
Communications	6,189	6,483
Consultants	54,155	18,834
Insurance	343	1,692
Interest and bank charges	245	328
Marketing	-	100
Meetings	18,113	3,510
Occupancy	11,562	11,400
Office	7,522	17,206
Professional fees	5,528	7,785
Project costs	196,734	57,105
Travel	20,205	16,253
Wages and benefits	<u>132,018</u>	<u>132,482</u>
	<u>477,218</u>	<u>295,123</u>
EXCESS OF REVENUES OVER EXPENSES	4,653	13,451
NET ASSETS - beginning of year	<u>35,800</u>	<u>22,349</u>
NET ASSETS - end of year	<u>40,453</u>	<u>35,800</u>


**THE LOBSTER COUNCIL OF CANADA
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014
UNAUDITED**

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	2014	2013
	\$	\$
ASSETS		
CURRENT		
Cash	73,614	84,766
Accounts receivable	135,174	18,888
HST recoverable	17,968	12,926
Prepays	<u>2,001</u>	<u>2,760</u>
	<u>228,757</u>	<u>119,340</u>
LIABILITIES		
CURRENT		
Accounts payable	112,149	12,475
Deferred revenue	<u>76,155</u>	<u>71,065</u>
	<u>188,304</u>	<u>83,540</u>
NET ASSETS		
UNRESTRICTED	<u>40,453</u>	<u>35,800</u>
	<u>228,757</u>	<u>119,340</u>

Approved by the Board


 _____ Director


 _____ Director

**THE LOBSTER COUNCIL OF CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014
UNAUDITED**

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	2014	2013
	\$	\$
CASH PROVIDED BY (USED IN):		
OPERATING		
Excess of revenues over expenses	4,653	13,451
Changes in non-cash working capital items		
Accounts receivable	(116,286)	69,062
HST recoverable	(5,042)	6,847
Prepays	759	(2,760)
Accounts payable	99,674	(36,208)
Deferred revenue	<u>5,090</u>	<u>(8,051)</u>
CHANGE IN CASH	(11,152)	42,341
CASH - beginning of year	<u>84,766</u>	<u>42,425</u>
CASH - end of year	<u>73,614</u>	<u>84,766</u>



**The Lobster Council
of Canada**

Suite 302 - 1819 Granville Street
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www.lobstercouncilcanada.ca



CANADIAN LOBSTER BRAND

VISION

Canadian lobster is recognized as the global 'Gold Standard' of premium protein based on quality, flavour, texture, consistency and sustainability – driving greater long-term value and growth for the entire industry.

MISSION

Increase demand and price for the world's most delectable and healthy protein, fortifying economic sustainability by rewarding everyone within the Canadian lobster value-chain, and the communities in which they live, for generations to come.

PROMISE

To consistently and sustainably deliver the highest-quality and most flavourful live and processed lobster to consumers who value the best.