

# The Fishing Industry and COVID-19 Proposal for Federal Industry Supports

## Industry Support

Fishing enterprise owners and fish plant operators are facing uncertainty as to whether their fisheries will open and what market conditions they will be facing, if a decision is taken to fish in 2020. Public health directives to help prevent the spread of COVID-19 have required considerable capital upgrades to fishing vessels and plants, to support physical distancing, and the cost of new forms of personal protective equipment with high duties applied to these goods are being assumed by business owners in the sector. A variety of supports are needed to help ensure no undue harm on enterprise owners and fish plant operators.

The Newfoundland and Labrador Department of Fisheries and Land Resources offers the following recommendations on how to address the uncertainty of this situation, and support workers in the fishing industry through this pandemic.

1. Institute mortgage and loan deferrals for fishing harvesters and fish processors until 2021.

Most fishing enterprises in the province obtain financial support through commercial banks. It would be beneficial for banks to offer loan deferrals to fish plant processors and harvesters for infrastructure, vessels, equipment and fishing gear similar to payment deferrals that have been offered for personal mortgages. For fishing enterprises and processing companies that have participated in the Atlantic Fisheries Fund, the payback period could be extended for repayable contributions with payments deferred until 2021.

2. Eliminate federal licenses and fees for the fishing sector in 2020.

There are two distinct fleets in the inshore fishery in Newfoundland and Labrador. The under 40-foot fleet and the over 40-foot fleet, with the under 40-foot fleet having the largest number of licence holders.

With the exception of Snow crab, most licence fees are a flat rate based on the species, and generally range from \$30-\$100 per species licence. For Snow crab, there is an individual quota (IQ) fee (\$58.50 per tonne) that licence holders pay based on the amount of quota they hold. The Snow crab IQ's held by the less than 40-foot fleet varies by area; however, the total licence fees for this fleet is in the range of \$500 per licence. Similarly, the amount of crab IQ held by the greater than 40-foot fleet varies by area, but on average this fleet has licence fees in the range of \$1,500, with a few exceeding \$10,000 to \$12,000 per licence.

In recent years, average landed prices for snow crab have been at historically high levels. In 2019, average total fishing revenue for active crab enterprises >40' ranged from \$420K to \$1.2M per enterprise.

In 2019, 5,727 fishing vessels were registered with DFO; the fee for vessel registration is \$50, resulting in fees paid of \$286k. In 2019 DFO collected licence fees from the NL inshore sector totaling \$2.34M for the last fiscal year (April 1, 2019-March 31, 2020).

3. Ensure all Canada Emergency Response Plan business programs have eligibility criteria that is inclusive for the fishing industry, including:
  - a. Canada Emergency Wage Subsidy
  - b. 10% Temporary Wage Subsidy for Employers
  - c. Federal Work Sharing Program
  - d. Business Credit Availability Program

Upon review of the publicly available information about these programs, many are targeted to year round operations, companies working for a set period this spring, or companies that can show month over month or year over year declines in revenue. As a result of the nature of the fishing industry, these criteria are a challenge for the fishing industry.

4. Deliver a wage top up program for essential workers that includes fishing enterprises and fish plant operations, among other fishing businesses such as cold storage facilities.

It is understood that the Government of Canada is considering an “essential worker program”. This program should provide a wage top up for individuals undertaking important work in the food sector, which includes the fishery.

5. If market conditions are weak, launch a support program to cover the cost of cold storage for landed fish that cannot be immediately sold to buyers.

Globally, restaurants and food service operations have shut down, including lucrative international markets that usually purchase Canada’s high quality fish and seafood. As a result, the price of fish and seafood has plummeted and demand is declining for many high end products. As future demand is uncertain, the potential exists that fish may be caught that cannot be immediately sold into market. Further, if a fish dealer chooses to sell at a rock bottom price, the ability to regain this lost ground in future fishing years may prove challenging, so they may choose to hold inventory in the short term. If this situation plays out, which seems increasingly possible, supports will be needed to cover the cost of cold storage to hold landed fish that cannot be immediately sold to buyers.

6. Launch a domestic marketing program to encourage Canadians purchasing local seafood.

Canadian protein processing has been impacted by COVID-19, with some major operators facing shut downs due to disease outbreak. Seafood and fish present an alternate form of protein for Canadians. When combined with an uncertain international market place, federal funding to market the purchase of local fish and seafood to Canadians would be of great assistance to fishers, processors and fish dealers.

7. Provide no-interest loans to fish processors to shift to products suitable for the retail market.

The majority of fish and seafood processed in Newfoundland and Labrador is sold fresh to restaurants, and food service operations that have shut down. Switching processing operations to manufacture products suitable for the retail markets would require fish plant processors to purchase new line processing equipment and packaging. Should the Business Credit Availability program be adapted for the fisheries sector, this mechanism may be utilized for this purpose.

8. Extend fishery seasons for harvesting.

With the delay in the fishing season and reduced processing capacity due to physical distancing and sanitation requirements, it is anticipated that the ability to process regular catch quotas will be limited should the fishery commence. An extended harvesting season would enable the continuation of fish processing safe work practices and reduce the risk of lost quota or product spoilage.