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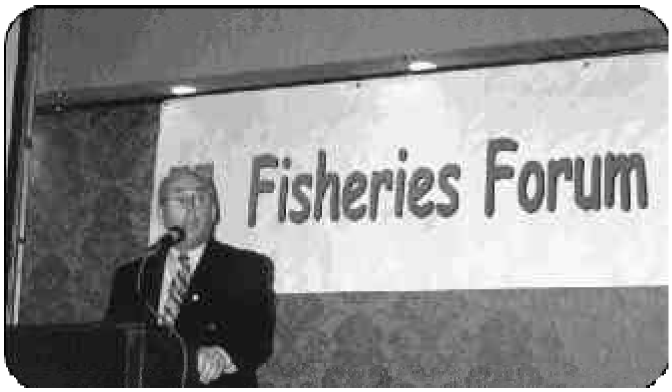
1.0 INTRODUCTION

Fisheries Forum 2000, was a two-day forum on the fishing industry sponsored by the Department of Fisheries and Aquaculture. It was part of the Department's efforts to promote the role of the fishery in the province's economy and to identify opportunities and challenges which lie ahead. This forum brought industry stakeholders, community leaders, and governments together to discuss the important issues facing our fishery.



The Forum, held at Hotel Newfoundland, was well attended with over 340 participants from all sectors of the economy. Processors, harvesters, suppliers, banking institutions, and representatives from all levels of government, were present at the sessions.

On the first day, the speakers focused on general resource issues including the state of groundfish and shellfish resources, fisheries management, and markets for the main fish commercial species. The second day of the forum provided discussion on issues and views from the perspective of communities, harvesters and processors.

The objectives of the Forum were:

1. To provide industry stakeholders with current information on the health and long-term potential of Newfoundland and Labrador groundfish and shellfish resources.
2. To discuss ways to achieve fishing industry viability and community stability.
3. To seek input into fisheries policies and priorities on key topics such as: fisheries science, resource management, industry diversification, and health and safety.

It is the opinion of the Department of Fisheries that these objectives were met. The discussion generated by participants, and the overall benefit from the Forum, were well beyond the expectations of the Department. The discussion was thoughtful and provoking and provided the Department with a renewed confidence in the industry and the long-term viability of this sector.

2.0 SUMMARY OF PROCEEDINGS AND PRESENTATIONS

The following is a brief summary of the presentations given by the speakers at the Forum. The Forum was organized on five main themes: these included: (1) Review of Groundfish Resources and Future Prospects; (2) Review of Shellfish Resources and Future Prospects; (3) Fisheries Management Challenges; (4) Achieving Viability and Stability in The Fishing Industry; and, (5) Adjusting to a Changing Fishery: a Community Perspective. Each session was followed by an open discussion of issues and concerns with audience participants posing questions to a panel of presenters.

"...one of the problems we are facing with the various groundfish resources is poor recruitment..."

Bruce Atkinson

The following summation is not intended as a complete representation of what was said but to provide a brief overview of the conference proceedings.

2.1 REVIEW OF GROUNDFISH RESOURCES AND FUTURE PROSPECTS

Presentation by Bruce Atkinson on Groundfish Species

The presentation by Bruce Atkinson of the DFO was entitled G*roundfish Stocks, Past Present and Future.* The presentation gave an overview of groundfish stocks found in the Newfoundland Region.

In recent years the landings of groundfish have declined substantially and is reflective of the abundance of groundfish species. Stocks, such as American Plaice(2+3K, 3LNO , 3Ps), witch flounder(2+3KL), redfish(2+3K, 3LN), and cod (3NO, 2J3KL), have suffered substantial declines, are not improving, remain at low levels or are facing continuing declining biomass levels. Essentially, the problem that all these stocks face is poor recruitment. As a result, the prospect for these fisheries are not good in the short to medium term.

Greenland Halibut(0-3) and yellowtail founder(3LNO), and 3Ps cod have shown positive signs of recovery. Greenland Halibut appears to be at the levels seen in the late 1980s in areas 0+1. In areas 2+3, 1990-92 year classes have contributed to increased catch rates and the 1993-1995 year-classes are also above average. The biomass of yellowtail flounder (3LNO) is at levels comparable to that of the mid 1980's and the stock has been growing. The 3Ps cod have shown good growth and early maturation resulting in an increased spawning biomass. Recent recruitment, however, has not been strong.

The presentation indicated that the health and recovery of stocks will depend on successful recruitment, as well as when, and how hard, the fish stocks are fished. The choice of fishing mortality will greatly impact the recovery of our fish stocks. As such, the industry must look at the longer term and not forego the future in pursuit of the present.

Presentation by Dr. George Rose on the Northern Cod

Dr. George Rose's presentation provided an overview of the Northern cod stock(2J+3KL). He noted that the stock has not recovered since the moratorium of 1992 and that the biomass levels of Northern cod have declined from its pristine state estimate of 3-4 million tonnes to substantially less in 1999.

There has been an estimated 100 million tonnes of Northern cod caught in the past 500 years with half of this being caught in the 20th century and 10% being caught in

"...The Northern cod was once one of the world's greatest stocks of fish. It now stands in ruins..."

Dr. George Rose

the notorious 60s. Irreparable damage was done to the Northern cod in the 1960's by foreign fisheries. Subsequently, the cod was fished hard in the 1980s and 1990s at a time of environmental conditions that were unfavorable to cod.

Whereas the stock was once found throughout 2J3KL, there are only remnants of the Bank stocks left and the main components of the biomass are found in southern bays such as Trinity Bay.

It may be decades before the stock recovers. Dr. Rose indicated that in order for this to happen mortality must be kept low, no fishery should concentrate on specific areas or sub-stocks, over-wintering, spawning and nursery areas should be identified and protected, predators may need to be controlled in sensitive areas and the ecosystem must be kept healthy.

2.2 REVIEW OF SHELLFISH RESOURCES AND FUTURE PROSPECTS

Presentation by Don Parsons on Northern Shrimp

“Shrimp stocks are relatively healthy.”

Don Parsons

Don Parsons indicated that DFO recently completed their stock assessments and have found that, based on the data available, they appear to be in a relatively healthy condition. The biomass index for the area off southern Labrador and northeastern Newfoundland is stable and at a high level. There has been an eastward expansion of the stock fishery since the early 1990's. Both male and female components are in good condition. Fishing effort has increased and the number of licenses participating in the fishery has increased. The catch per unit effort (CPUE) increased for the offshore vessels during the 1990's and has stabilized in recent years. There isn't a time series yet for the inshore fleet.

In SFA6 (Hawke Channel + Division 3K Area), the ratio of nominal catch to survey biomass index has been less than 11% over the past four years. There is a weak 1996 year class that could potentially impact catches however, the prospects over the next two years years remain positive. The status of stocks in northern areas is uncertain due to less information being available.

Presentation by Earle Dawe, DFO, on Snow Crab

Earl Dawe indicated that at the time of the Fisheries Forum, the stock status was still in the assessment stage, however, he did provide an overview of the information available to date. There were mixed signals being generated by the biomass indicators. The Catch Per Unit of Effort (CPUE) has been increasing or remaining stable in recent years. This has been at a time of increasing catches.

There have been substantial increases in catches in 3LNO and 3K. The CPUE in 1999 has declined slightly in 2J and 3K but remains high. In 3LNO, CPUE has increased slightly and CPUE has been increasing in 3Ps. In recent years, there has been expansion of fishing effort. especially outside 200 miles in 3LNO. The fall 2J3KLNO trawl survey has indicated that abundance of small crab has been declining since 1995. The total fall survey biomass index oflegal-sized crabs has declined in from 85,000 tonnes in 1998 to 47,000 tonnes in 1999. Recruitment is also expected to decline for 2000. The survey has only a short time series and as such interpretation is difficult. The resource, however, is still broadly distributed.

More information will become available as the DFO continues in its assessment process.

2.3 FISHERIES MANAGEMENT CHALLENGES

Presentation by Jim Baird on Fisheries Management

The presentation by Jim Baird, focused on the resource management issues. The role of fisheries managers includes the development of management plans, conservation and protection of resources, delivery of the licensing system, and emerging fisheries. The DFO conducts over 50 stock assessments in this Province. Services are delivered through 15 offices and 14 license delivery centers.

Fishery management in the 1980's was characterized by a period of expansion and destructive fishing practices. There was inadequate catch monitoring and limited conservation measures. The 1990's have been characterized by the groundfish crisis, capacity reduction, management reforms, and a new awareness of the need for conservation.

Many challenges remain for the industry. These include the rebuilding and re-opening of groundfish fisheries, a renewed management framework focused on transparent and precautionary management, the need for diversification, and vessel safety. The Atlantic Fisheries Policy Review is ongoing and is currently in Phase I - policy framework development.

2.4 ACHIEVING VIABILITY AND STABILITY IN THE FISHING INDUSTRY

Presentation by Frank Pinhorn on Processing

Frank Pinhorn indicated that the management of the processing sector falls within the jurisdiction of the provincial Government. The industry has changed dramatically over the past thirty years. In the 1970's and the early 1980's, there was a period of expansion with the number of plants increasing from 89 to 238.

A new processing policy was introduced in 1997 creating a core and non-core designation. The new policy was designed to promote competitiveness and viability while at the same time maintaining a regional balance. As a result, the number of active licenses have declined from 203 in 1992 to 135 in 1999, while at the same time the number of buyer licenses have dropped from 400 to 73. The Department maintains a flexible licensing policy with respect to fish plants in Labrador, however, any request for new or additional species are assessed on an individual basis.

Presentation by Alastair O'Rielly on a Processing Perspective of the Fishing Industry.

"Without a clear vision opportunities will continue to be forfeited"

Alastair O'Rielly

The Fisheries Association of Newfoundland and Labrador (FANL) is an industry trade association representing 43 firms that account for 80% of the Province's seafood production and sales. The industry has changed over the past 11 years with employment declining and the change from an industry dependent on

groundfish to a sector dependent on shellfish. The problems in the fishing industry have been well documented with many studies completed over the past 65 years. Despite this, there remains the need for a clear integrated federal and provincial policy framework.

The industry environment has changed including globalization, public sector support, environmental and conservation pressures, and a changing workforce. As a result of globalization, fish is a more exclusive and higher valued product destined for a more demanding consumer. The industry must respond by providing high quality, consistent and competitively priced products. This is imperative since we cannot compete with low cost Third World suppliers of commodity seafood products.

The public sector support of the industry has changed, with changes in the EI system and opposition to bail-outs and direct government support. As well, the industry needs a highly skilled and trained workforce as the use of technology increases. To attract and and retain skilled people, the industry must also provide longer, more secure, employment.

The industry now employs fewer people. While the value of fish has increased the volume remains low resulting in lower employment. Government has reduced its direct financial support, however, it risks replacing cash with preferential quota access. There are limited opportunities in secondary processing, underutilized species and opportunistic species. Most immediate opportunities are to maximize the value of the resources we harvest through consistent high quality, continuity of supply, competitive cost structures, and sustainable resource management.

Presentation by Earle McCurdy on a Harvesting Perspective of the Fishing Industry

Earle McCurdy noted that the harvesting sector has different groups of people with different problems. There are "Haves, Have Nots and Have Littles". Cod was the great equalizer in the fishery but that is no longer available except in very limited quantities. It has been a struggle for plant workers and crew members and there is a shortage of work for plant workers.

There are impediments to enterprise viability such as license fees, dockside monitoring, harbour fees, etc. There is too much red tape at the Fisheries Loan Board and it should be brought back to the Department of Fisheries and Aquaculture. Transparency must be increased in the Gulf fishery. As well, there is a legal loophole in the current license system that separates beneficial use from legal title of a license. ITQ's are also a form of privatization. License holders are aging and for the next generation the costs of licenses will be an additional burden.

Furthermore, Mr McCurdy stated that public investment that over-builds capacity makes no sense whereas, public investment is warranted in some areas, such as underutilized species development. As well, people have to get over their hang-ups over seasonality, and EI is a critical component of seasonal work.

Fairness should be a fundamental objective of fisheries allocation policy. There have been too many policies and too much response to these policies that divides people.

Presentation by John Sackton, Market Opportunities and Challenges

Markets prize predictability in quality, specifications, and price levels. It is important to avoid boom and bust cycles as markets contract when prices increase substantially. The long term goal should be to stabilize crab, shrimp and cod at levels that produce the highest long term return.

Crab markets are facing a shortage and prices could be bid upwards. Conversely, inventories are not moving and this could put downward pressure on prices. It is important to avoid the repeat of 1995 and 1996 where prices went through a boom and bust. This year our market share is expected to increase to over 40% for crab from 20% in 1994.

"Markets Prize Predictability"

John Sackton

Over the longer term shrimp biomass is increasing and there are large amounts of shrimp available. There is a preference in US markets for both smaller shrimp and a lower price. The EU is the largest per capita consumer of shrimp and there are opportunities for Newfoundland and Labrador producers. For cod, markets are demanding premium products and we need to focus on high valued products. Cod block from China is keeping block prices down. Overall, the long term outlook for the

Newfoundland and Labrador industry establishing higher value production is positive.

2.5 ADJUSTING TO A CHANGING FISHERY: A COMMUNITY PERSPECTIVE

Presentation by Mike Jones, Kittiwake Economic Development Corporation

The closure of the Northern cod fishery has had a major impact on the zone. Fortunately, most of the large processors in the zone were involved in crab processing and many harvesters held crab licenses. This allowed a significant amount of harvesting and processing to continue. As well, the lumproe, lobster, capelin, herring and seal fisheries have contributed to activity. Some work has also been undertaken in the area on underutilized fisheries.

Federal and provincial governments should place an emphasis on three areas: conservation, utilization and diversification. We need to move towards harvesting multiple species at levels adequate to keep enterprises viable while protecting the long term health of the resource.

Private sector investment has been substantial, however, business plans are based on access to a resource that can fluctuate. As a result there can be a lot of pressure on our resources. The overall focus should be a long-term sustainable fishery.

Presentation by Allister Hann, Town of Burgeo

From 1945 to 1992, the fish plant operated year round in Burgeo and at its peak, employed 400 plus in processing and another 75 in its trawler fleet. In May 1992, everything came to a halt when the plant closed.

Since then the people have looked at other opportunities. An Adjustment Service Committee was established and many alternatives to the fishery were explored and opportunities for new fisheries were reviewed. The exploratory crab fishery in 1999 gave the people hope. Towns or regions should be given quotas. Adjacency has been pushed, however, Burgeo has historically depended on resources that were not adjacent. Mr. Hann went on to say that arguments against giving Burgeo quota tend to focus on adjacency or that it would be detrimental to other plants. Burgeo must have something otherwise {we} must burn our boats and our homes and get out.

Presentation by Dennis Coates, St. Anthony Basin Resources (SABRI)

The SABRI region has a long history in the cod and salmon fishery. Since the collapse of the Northern cod fishery the area has been reeling from the loss of employment. There has been heavy out-migration which has impacted businesses and lowered property values. As well, there has been a reduction in the number of harvesters as a result of buyouts and license retirements. Young people are discouraged from getting involved in the fishery and are moving from the area.

The region has been capitalizing on opportunities in crab and shrimp. The processing sector has expanded in recent years with a shrimp plant and a secondary calamari operation. Young people leaving the fishery has made it difficult to attract people to manage the operations.

The fishery must result in more year-round activity and less trucking. The industry must create more from our resources and they must be managed in a complete ecosystem approach. The community and SABRI has taken an approach to ensure opportunities are available.

Presentation by Philip Earle, Combined Councils of Labrador

Labrador is dependent on the fishery and many communities have been devastated by the closure of the Northern cod and the salmon fisheries. The crab fishery has become very important to many communities. Adjacency should be considered in allocation of resources.

3.0 ISSUES RAISED IN OPEN/PUBLIC DISCUSSIONS

There were many issues raised in the forum by people in the audience through questions or statements to the presenters. The following is a summary of these issues raised.

- Many groundfish stocks have not recovered or are showing poor signs of recovery. Many people expressed concern over what the future will bring for them and do not fully understand why the stocks have not recovered.

- An education program is needed in the fishery to ensure knowledge of the resource.

- There was discussion on the use of gill net. Harvesters were upset with Placentia Bay ghost nets and the irresponsible harvesters that abandoned these nets. There was a general discussion that gill nets can be used if proper procedures are followed.

- There were concerns raised on the future of the less than 35' fleet. Their opportunities are limited and some participants expressed the opinion that higher quotas are needed for this group.

- Ghost nets found in our waters need to be recovered and a program to fund this should be put in place.

- Conservation is very important for this and future generations. Sustainability is essential.

- Fisheries should not target hot spots, ie areas with high concentrations of fish. Quotas should be more specific to regions to prevent an entire quota from being taken in one area.

- Markets have to be developed for underutilized species so that good incomes can be generated.

- Crab quotas must be reduced if the science suggests that it is needed. Conservation of the resource is important.

- It was suggested that crab pots with covers be used to aide scientists in the collection of information.

- There were suggestions that the trawl survey was not an accurate way to survey crab.

- Fisheries management must be an open process with input from all stakeholders.

- Science and science budgets have to be improved to ensure we have adequate information for decision making and understanding the resource.

- There is a need for cooperation/coordination of the efforts of federal and provincial governments.

- There is an aging workforce in the processing sector and this has to be addressed.

- Safety in processing plants and onboard vessels is a major issue. Processing workers are facing occupational health issues such as shellfish asthma and this has to be dealt with by the industry.

- Participants also indicated that harvesters are using vessels in unsafe situations. Crab, turbot and shrimp fishermen are forced to go great distances from shore in vessels not designed for high seas travel.

- Seals impact the resource 10 times more than humans and something has to be done about it.

- The shrimp fishery is not impacting juvenile cod, however, the contrary view was also expressed that there was an impact.

- The shrimp fishery could be impacting crab stocks and this should be investigated.

- There has to be a fair resource allocation policy.

- Markets demand quality and consistency, however, improvements have to be made. Fish prices should be paid for quality.

- Many communities are fighting for their very survival. The low levels of the resource are not providing the incomes necessary to keep people going.

- Harvesters are doing work to rebuild the lobster resource and are fishing in responsible manner.

- There were concerns that there wasn't a Labrador representative on the DFO appeals Board.

- The vessel separation policy should remain.

- More fisheries management staff are needed.

4.0 FUTURE DIRECTIONS

The fishing industry will continue to face many challenges in the short to medium term. Principal groundfish resources will be slow to recover and preliminary indications are that crab stocks could be declining. Markets are demanding high quality products and firms are faced with a increasingly competitive global economy. It is important that the industry maximize the value of the resources that are harvested. Most important is that resources have to be managed on a sustainable basis for the benefit of this and future generations.

Many communities are facing difficult economic situations that have resulted from the decline in Northern cod and other groundfish stocks. Unfortunately, the amount of fish resources currently available are not sufficient to generate the required employment and economic activity for all communities that were once dependent on groundfish. Demands for increased resource access have to be balanced with available resources. Otherwise, the long-term viability of the entire industry will be threatened.

Maximizing the value of the marine resources being harvested can only be accomplished through the industry working together to produce the highest quality products. To this effect, the Department of Fisheries and Aquaculture has established a Government-Industry Working Group on Quality. This group will work to promote quality beginning with inititiaves in the shrimp sector. This is only one step in a long term goal of increasing the value of resources.

A general theme expressed throughout the Forum was the need for cooperation between governments, harvesters and processors. The Department of Fisheries and Aquaculture supports a more coordinated approach to the management and development of the Province's fish resources. A venue such as the Fisheries Forum is one method that will continue to be used garner input from industry stakeholders. As well, the Department will continue to seek direction from, and coordinate its efforts with, the DFO, the FANL, the FFAW/CAW and other stakeholders.

Correspondingly, there is a commitment from other stakeholder organizations to work together towards a common goal of a viable and sustainable fishery. The Department of Fisheries and Aquaculture will do its very best to foster this spirit of cooperation.

Vessel safety and processing occupational health issues are major concerns for all industry participants. The Province has already begun the process to work with industry to address these issues through the establishment of a government-industry working group. Members of the group include FFAW/CAW, FANL, the Department of Fisheries and Aquaculture, the Department of Health and Community Services, and the Workplace Health, Safety and Compensation Commission. The necessary scientific work must be undertaken to ensure that fish stocks are properly managed. Fish management and scientific research is is under federal jurisdiction. As such, the Department of Fisheries and Aquaculture will continue to stress the need for improved science through its representation on the FRCC, through discussions at the Ministerial level and through its daily contact with the DFO.

The long term viability of the industry will require a united approach from all stakeholders. Without this approach, the industry will not reach its full potential. Newfoundland and Labrador can be the world's best producer of high value and high quality fish products with its participants deriving a high standard of living from the harvesting and production of our ocean's resources.

Appendix 1
Conference Agenda

<u>Tuesday, March 14, 2000</u>

8:00 A.M. Registration
8:45 - 9:00 Conference Opening, Leslie Dean, Deputy Minister, DFA, Chairperson
9:00 - 9:15 Opening Address: Honourable John Efford, Minister, Department of Fisheries and Aquaculture

Review of Groundfish Resources & Future Prospects
9:15 - 10:30 Status and Prospects: Bruce Atkinson, DFO-Groundfish; Dr. George Rose, Memorial University of Newfoundland and Labrador - Northern cod
10:30 - 10:50 Nutrition Break
10:50 -12:00 Open Discussion
12:30 - 1:45 Luncheon - Honourable John Efford, Minister, Department of Fisheries and Aquaculture

Review of Shellfish Resources & Future Prospects
1:45 - 3:00 Status and Prospects: Don Parsons, DFO - Shrimp; Earle Dawe, DFO - Crab
3:00 - 3:30 Open Discussion
3:30 - 3:45 Nutrition Break

Fisheries Management Challenges
3:45 - 4:15 Fisheries Management Challenges: Jim Baird, DFO
4:15 - 5:00 Open Discussion
7:00 - 9:30 DFA Sponsored Reception

<u>Wednesday, March 15, 2000</u>

8:45 - 9:00 Opening Remarks: Leslie Dean, Deputy Minister, DFA, Chairperson
9:00 - 9:30 Processing Policy Overview: Frank Pinhorn, DFA

Achieving Viability and Stability in the Fishing Industry
9:30 - 10:00 Processing Sector Perspective: Alastair O'Rielly, President Fisheries Association of Newfoundland and Labrador
10:00 - 10:30 Harvesting Sector Perspective: Earle McCurdy, President Fish, Food and Allied Workers Union/CAW
10:30 - 10:45 Nutrition Break
10:45 -11:15 Market Opportunities and Challenges: John Sackton, Seafood Datasearch
11:15 - 12:00 Open Discussion
12:00 - 2:00 Lunch Break

Adjusting to a Changing Fishery: A Community Perspective
2:00 - 2:15 Mike Jones: Kittiwake Economic Development Corporation
2:15 - 2:30 Allister Hann, Town of Burgeo
2:30 - 2:45 Dennis Coates, St. Anthony Basin Resources Inc. (SABRI)
2:45 - 3:00 Philip Earle, Combined Councils of Labrador
3:00 - 3:30 Open Discussion
3:30 Forum Summary: Leslie Dean, Deputy Minister, DFA, Chairperson
4:00 Forum Closing: Honourable John Efford, Minister, Department of Fisheries and Aquaculture