Newfoundland Labrador

Presentation to Ministerial Advisory Panel

All-Party Committee on Northern Shrimp Allocations

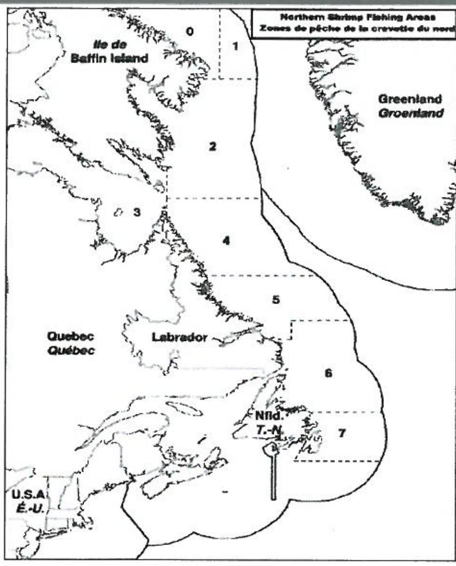
May 24, 2016

Introduction

Newfoundland Labrador

- The Northern Shrimp Fishery is important to the Provincial Economy.
- Resource declines will have a negative impact.
- Need a balanced approach that recognizes the viability and contributions of both fleets.

Shrimp Fishing Areas (SFAs)



- Offshore access to all SFAs
- Inshore access to SFAs 6 & 7
- SFA 7 closed 2015

Offshore Fishery 1977-1996

- Sole access to fishery
- Initially developed through foreign charters
- Canadianized in the 1980s
- Initially northern fishery
- Small fishery in SFA 6 in late 1980s
- Viability at 2200t in 1990s study
- Last entrant 1991
- TAC increased from 8,200t to 37,600t

Offshore 1997-2015

Newfoundland Labrador

- Expansion of fishery in southern areas
- Offshore allocations peaked in 2009 at over 73,000t
- Declines to just under 63,000t in 2015
- Additional fishing opportunities through arrangements with special allocation holders.
- Special allocation at 28,000t in 2009 and 26,000t in 2015

Offshore Fleet

Newfoundland Labrador

- 17 licences/ 14 companies
  - 8 licences NL based
    - 4 Island based
    - 4 Labrador based
- Operate 10 Factory Freezer Trawlers:
  - (approx. 200 feet or more)
- Enterprise allocation with transferability

Offshore Shrimp Licence Holders

Newfoundland Labrador

- Labrador Fishermen's Union Shrimp Company Ltd. (NL) - 2
- Ocean Choice International (NL) - 2
- Torngat Fish Producers Coop (NL) - 1
- Pikalujak Fisheries Ltd. (NL) - 1
- Newfound Resources Ltd. (NL) - 1
- Harbour Grace Shrimp Co. (NL) - 1
- Crevettes Nordiques (NS) - 1
- Mersey Seafoods Ltd. (NS) – 2
- Atlantic Shrimp Company (NS) - 1
- Lameque Offshore Ltd. (NB) - 1
- Caramer Ltd. (NB) - 1
- Makivik Corp. (QU) - 1
- Unaaq Fisheries Inc. (QU) – 1
- Qikiqtaaluk Corp. (NU) - 1

Inshore fishery in NL

Newfoundland Labrador

- Historic dependency on adjacent fish resources:
  - First permanent settlement in 1610
  - Communities established near inshore fishing grounds
  - Groundfish (cod) primary fishery
- 1992 northern cod (2J3KL) moratorium
- Incomes decimation and outmigration
- Diversified to other fisheries in the 1990s (e.g. crab; shrimp).

Inshore Shrimp Fishery Development: 1997 - 2015

Newfoundland Labrador

- Pre 1997: Province and inshore industry lobbied for access
- Inshore granted access in 1997
- Initial $200 million private sector investment
- High of 365 inshore fishing licences (now 244)
- High of 13 processing plants (now 10)
- In 2007, inshore permits converted to regular licenses
- Enterprise combining (industry debt – FLGP: Shrimp Quotas currently account for $8.7 million - approximately 20% of outstanding debt)
- 2009 to 2015: Inshore quota reduced from 77,009t to 31,637t

Inshore Shrimp Fleet by NAFO Area

Newfoundland Labrador

Fleet	# of Enterprises	2009 to 2015 Harvesting Cap (lbs)
2J	17	610,000 to 365,000
3K (n)	14	610,000 to 365,000
3K (s)	66	490,000 to 246,000
3L	101	250,000 to 75,500
4R	46	510,000 to 225,000

Onshore Shrimp Plants

Newfoundland Labrador

Newfoundland and Labrador Shrimp Plants 2015

Location	Peak Employment	Number of communities in which workers resided
Clarenville	160	28
Seldom, Fogo	256	19
Black Duck Cove, St. Barbe	134	25
Charlottetown, Lab.	124	8
Twillingate	108	12
Anchor Point	130	19
Port au Choix	188	20
Bay de Verde	566*	53
Old Perlican	433*	50
St. Anthony	117	16
Total	2,216	175**

Note: * includes all species
** Not additive. Plant Workers from same community may be employed at different plants

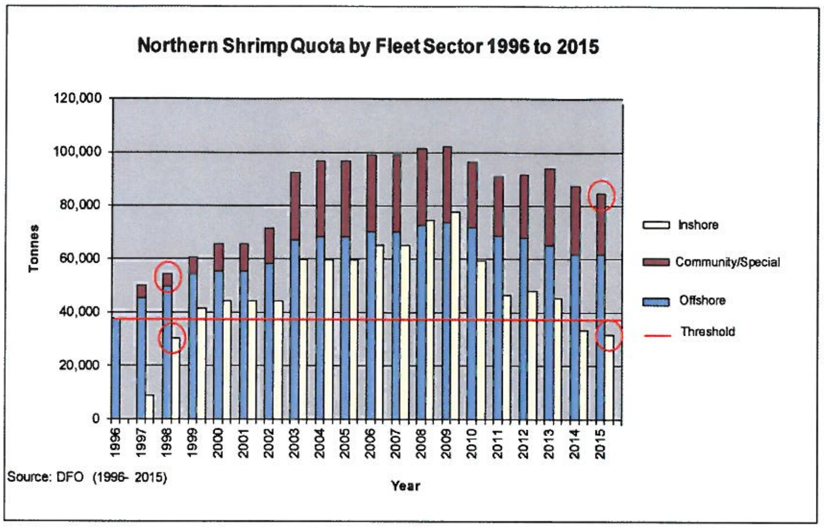
Allocation reduction 2009 to 2015 by Sector

Newfoundland Labrador

- Offshore: 73,700t to 62,900t (-14.7%)
- Community: 28,000t to 26,000t (-7.1%)
- Inshore: 77,000t to 31,600t (-59%)

Northern Shrimp Allocation by Sector 1997- 2015

Newfoundland Labrador



NL Prior Response to Northern Shrimp Quota Reductions

Newfoundland Labrador

- Recognized the need for quota reductions
- Opposed to application of the LIFO policy
- 2014: Province established All-Party Committee on Northern Shrimp Allocations

Previous All-Party Committee Recommendations

Newfoundland Labrador

- Eliminate LIFO Policy.
- Establish a new sharing arrangement taking into account adjacency and historical attachment.
- DFO conduct full annual scientific assessments of Northern Shrimp Stocks.
- DFO study the impact of climate change on shrimp and its ecosystem.

Ministerial Advisory Panel Key Questions

Newfoundland Labrador

- Should LIFO be continued, modified, or abolished and why?
- What key considerations (principles, objectives, stock status etc.) should inform any decision to continue, modify, or abolish LIFO?
- If LIFO were modified or abandoned, what are the <u>elements</u> of a new access and allocation regime for the Northern Shrimp Fishery?

Should LIFO be continued, modified, or abolished and why?

Newfoundland Labrador

APC Position – Abolish because…

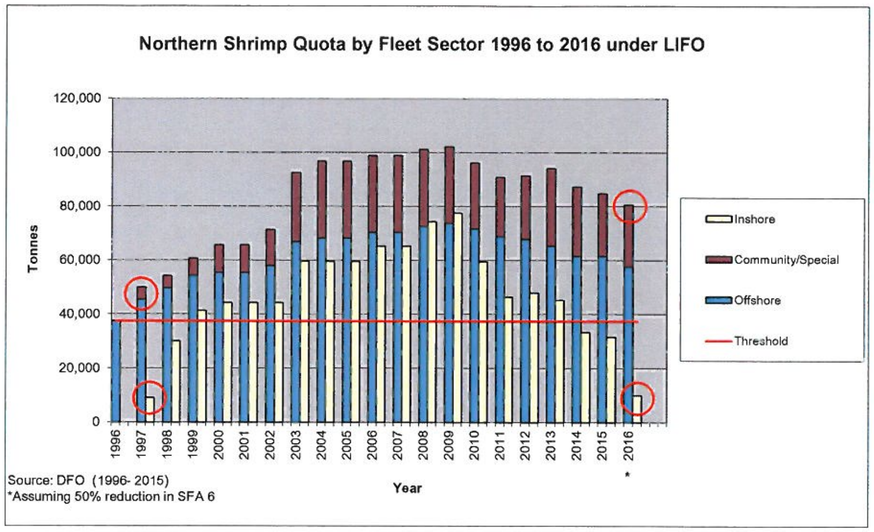
- LIFO not used in other Canadian Fisheries
- Ignores adjacency and inshore history
- Doesn't recognize DFO 2007 decision to make inshore licences regular permanent.
- Doesn't recognize significant investments by the inshore sector and the level of reliance on access to shrimp.

Abolish LIFO con't

Newfoundland Labrador

- Ignores viability of the inshore fleet
- Fails to consider relative mobility of the fleets
- Ignores availability of shrimp to the offshore in other SFAs
- Does not consider impacts on rural adjacent communities
- Disproportionately impacts inshore sector

Resource sharing if LIFO continued



Projected Socio-Economic Impacts of LIFO Policy to Province

Pisces Report – Based on 2013 Data

NL- Inshore

- Projected reductions of 35,681 t
- GDP Loss $114 million
- Labour Income Loss $68 million
- Employment - Loss of 868 person Years
- Impact 100 communities, displace 160 vessels, 750 crew, 7 plants and 1000 plant workers
- Lower municipal taxes and less services
- Other negative spin off impacts.

NL- Offshore

- Projected reductions of 10,354 t
- GDP Loss $34 million
- Labour Income Loss $21 million
- Employment – Loss of 271 Person Years
- Displace 2 vessels and 108 crew

Socio-Economic Impacts of Shrimp Resource

- Wade Locke Report - Commissioned and Paid by CAPP
  - Critiqued and refuted the Pisces Report
  - Argued that the offshore contributes more GDP/tonne than the inshore sector
  - Recommended the analysis be re-done
- Department of Finance Calculated the 2015 Impacts of the Shrimp Resource to the Province by Sector

	Value 2015 $2016M		Impact per tonne $2016		Additional benefit from inshore	
Impacts	Inshore	Offshore	Inshore	Offshore	$/tonne	%
GDP	217	202	6040	5410	630	12%
Labour Income	105	91	2940	2440	500	20%
Employment (py's)	1321	733	0.03683	0.01959		88%

What key considerations should inform the decision to abolish LIFO?

Principles

- Adjacency
- Historical Attachment
- Fleet Mobility and Viability
- Aboriginal and Community Participation
- Economic Development
- Maximize Employment

What are the elements of a new access and allocation regime for the Northern Shrimp Fishery?

Newfoundland Labrador

- Remove Offshore from SFA 6

  Other Examples:
  Sea Scallop on St. Pierre Bank
  Snow Crab in NL
- Permanent Percentage Shares for All Current Special/Community Allocation Holders
- Decisions respect Land Claim Agreements
- Consider social benefits of offshore licence holders.

Sea Scallop example

Newfoundland Labrador

- Access dispute on St. Pierre Bank
- 2005 Hooley report:
  - NL Inshore be provided exclusive access to northern bed (more adjacent).
  - Offshore exclusive access to middle and southern bed.
- Recommendation accepted and implemented by DFO

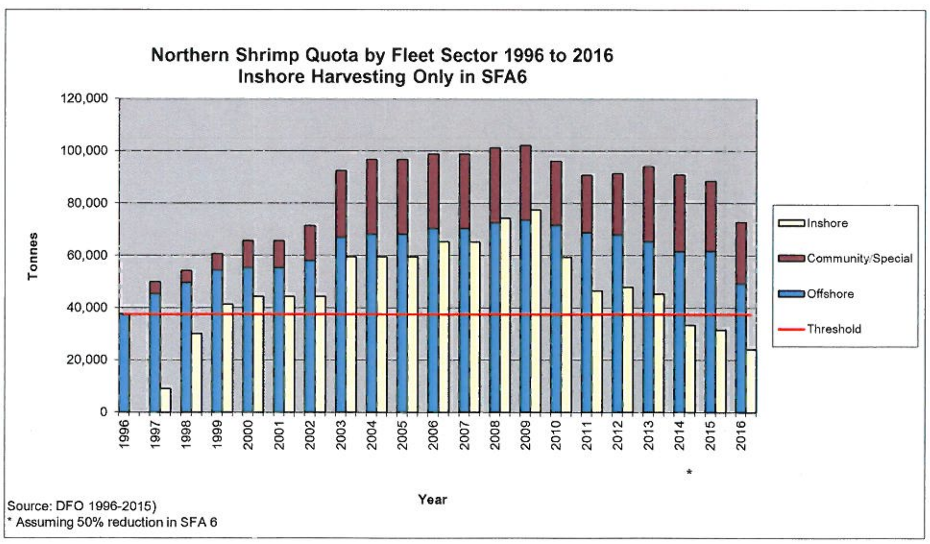
3L Snow Crab Example

Newfoundland Labrador

- Near shore fishery developed by larger inshore vessels in 1970s
- Temporary access to smaller inshore vessels in 1995
- Temporary permits converted to regular commercial licences in 2003
- Smaller vessels provided exclusive access to bays and nearshore areas.
- Larger vessel access moved further offshore

New Sharing Arrangement

Newfoundland Labrador



Resulting Impacts

Newfoundland Labrador

- Achieves more balanced approach
- Inshore fishery maintained in SFA 6.
- Reduced impact for onshore plants and associated communities
- Offshore viability maintained through continued access to areas north of SFA 6

Resulting Impacts con't

Newfoundland Labrador

- Special/Community/Aboriginal allocation holders provided greater stability through permanent shares
- Preserves ability of the adjacent entities of the province to continue with needed social and economic development initiatives.

Newfoundland Labrador

Thank you