

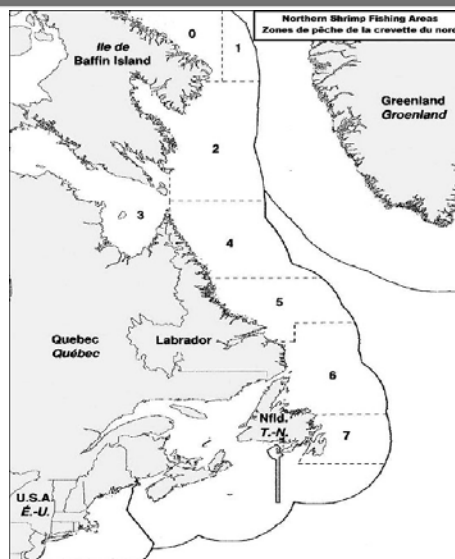


Presentation to Ministerial Advisory Panel

All-Party Committee on Northern Shrimp Allocations

June 10, 2016

Shrimp Fishing Areas (SFAs)



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

Economic Importance of Northern Shrimp



- The Northern Shrimp Fishery is a significant contributor to the Newfoundland and Labrador Economy.
- In 2015, the inshore and offshore sectors:
 - Contributed \$419 M in GDP;
 - Generated \$196 M in labour income; and
 - Generated 2,054 person years of employment.
- Resource declines will have a negative impact.
- Need a balanced approach that recognizes the viability and contributions of both inshore and offshore sectors.

NL Prior Response to Northern Shrimp Quota Reductions



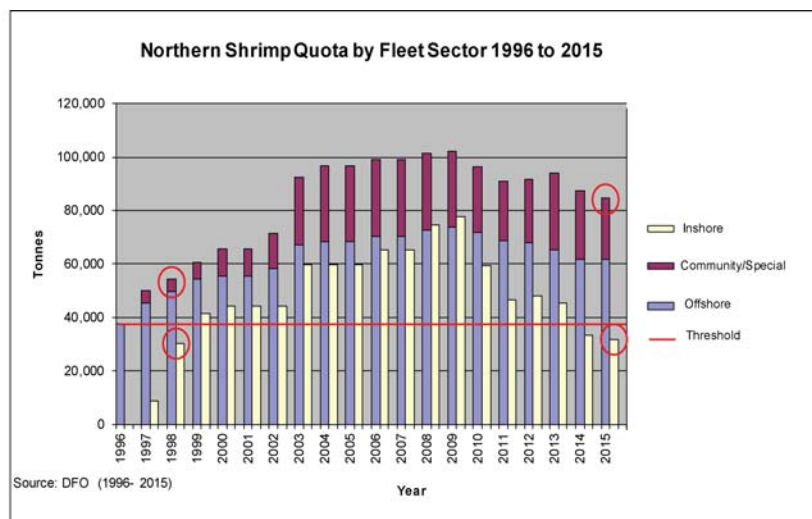
- Recognized the need for quota reductions
- Opposed to application of the LIFO policy
- 2014: Province established All-Party Committee on Northern Shrimp Allocations:
 - Eliminate LIFO policy;
 - Establish a new sharing arrangement taking into account adjacency and historical attachment;
 - Conduct full annual scientific assessments of Northern Shrimp Stocks; and
 - Study the impact of climate change on shrimp and its ecosystem.

Allocation reduction 2009 to 2015 by Sector under LIFO



- 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



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



APC Position – Abolish because...

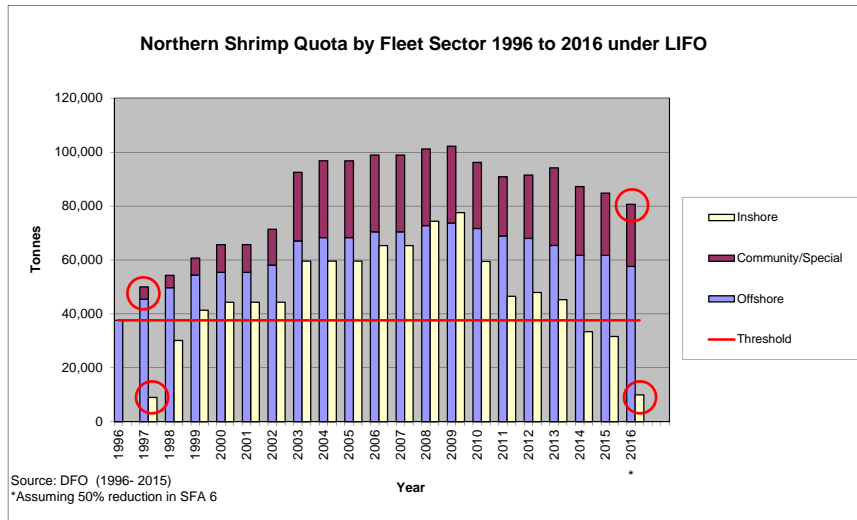
- LIFO not used in other Canadian Fisheries
- Ignores adjacency and inshore history
- Doesn't recognize DFO 2007 decision to make inshore licences regular permanent.
- Doesn't recognize significant investments by the inshore sector and the level of reliance on access to shrimp.

Abolish LIFO con't



- 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 that the Province re-do the analysis

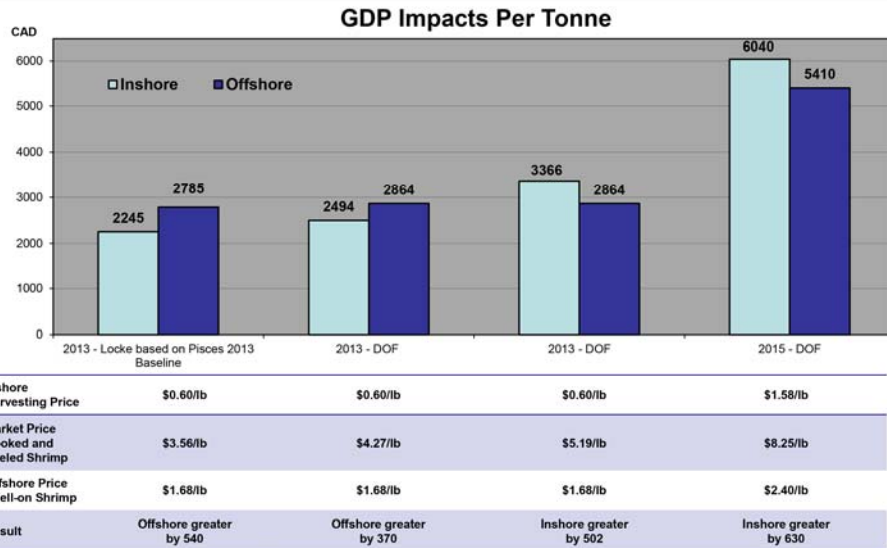
Socio-Economic Impacts of Shrimp Resource



- Department of Finance Calculated the Impacts of the Shrimp Resource to Newfoundland and Labrador by Sector utilizing more recent data.

	Value 2015		Impact per tonne		Additional benefit from INSHORE	
	\$2016M		\$2016			
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%

GDP Impacts Per Tonne and Price Sensitivity



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?



- **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



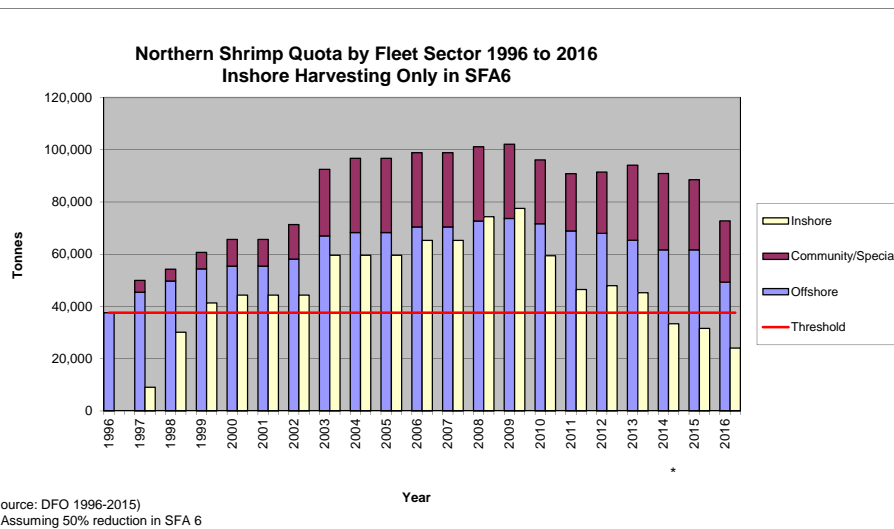
- Access dispute on St. Pierre Bank
- 2005 Hooley report:
 - NL Inshore be provided exclusive access to northern bed (more adjacent).
 - Offshore exclusive access to middle and southern bed.
- Recommendation accepted and implemented by DFO

3L Snow Crab Example



- 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



Resulting Impacts



- 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



- 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.

Thank you