

**Newfoundland and Labrador All-Party Committee's
Submission to the Review of the Federal
Government's Last-In, First-Out Policy on Northern
Shrimp**

Submitted to: Ministerial Advisory Panel

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1.0 Introduction

For over 400 years, an inshore groundfish fishery was conducted primarily for Atlantic cod by small boat fishermen who resided near coves and bays throughout Newfoundland and Labrador. These harvesters, who used handlines and later cod traps and gillnets, were isolated with limited mobility. Despite this limitation, the inshore fishery thrived for many generations, with landings for the inshore northern cod fishery averaging over 100,000 tonnes (t) during the 1950s and early 1960s. With the development of trawler technology, in the 1950s an offshore groundfish fishery commenced by fleets, primarily from Europe, that could catch fish far more efficiently and travel longer distances. As a result, cod landings increased dramatically, and by the late 1960s they exceeded 800,000t with foreign landings accounting for almost 90 percent of this total. By the mid-1970s, the less-mobile inshore fishery for northern cod was reduced to approximately 40,000t (House of Commons Canada, 2005).

Following the extension of the 200-mile limit, there was improvement in the northern cod stock. By the late 1980s the stock was declining rapidly, due in part to the expansion of the Canadian offshore fishery beginning in the late 1970s, as well as poor environmental conditions. In 1992, the northern cod fishery was placed under a moratorium, which was followed by groundfish closures in other areas. The groundfish moratorium had a severe economic impact on inshore harvesters, plant workers, and coastal communities, putting tens of thousands of people out of work. This became known as the largest single layoff in Canadian history.

Linked to the groundfish decline and changing environmental conditions was a significant increase in the abundance of northern shrimp along the east coast of the province, which had been a key prey for cod. The northern shrimp fishery began in the 1970s through the use of foreign charters in northern areas, and was Canadianized in the 1980s as it expanded to more southern areas, particularly off the coast of Newfoundland and Labrador. In 1996, the overall Total Allowable Catch (TAC) for northern shrimp had reached 37,600t and landings that year had a total market value in excess of \$120 million. Newfoundland and Labrador received limited benefits from this valuable fishery, however, as only the offshore fleet had access to the northern shrimp fishery and of the 17 offshore licences issued, only 8 were from Newfoundland and Labrador.

The Government of Newfoundland and Labrador long maintained that the people and communities adjacent to the northern shrimp resource must be the primary beneficiaries, and on this basis consistently advocated for access to the fishery by the inshore sector (Appendix A). In 1997, the overall northern shrimp TAC was increased by 21,450t to 59,050t, and for the first time, the inshore sector was granted access to the fishery. The inclusion of the inshore sector in the northern shrimp fishery presented significant economic and employment opportunities for people in Newfoundland and Labrador. Inshore harvesters who once fished cod in these areas now had an opportunity to harvest shrimp and generate much needed income and economic activity in the regions that had been most severely affected by the groundfish closures. Most inshore harvesters were required to gear up for a species they had not fished before at considerable expense, but with significant private sector investment of approximately \$200 million, successfully developed a cooked and peeled shrimp industry. In 2007, inshore harvesters received permanent shrimp licences similar to offshore licence holders.

As the resource grew, the northern shrimp quotas continued to increase significantly until the late 2000s. Beginning in 2010, shrimp quotas were reduced off the east and northeast coast of Newfoundland as the resource declined. Due to these declines, the Federal Government

applied its Last-In, First-out (LIFO) policy, which did not appear in the management plan until 2003 and originally only referred to “access” but changed in 2007 to apply to “allocation.” The policy in 2003 also noted it applied to temporary access to the northern shrimp resource. Despite the inshore fleet receiving regular permanent shrimp licences in 2007, LIFO continued to be applied to shrimp quota reductions in 2011 and 2014. As a result, the inshore sector absorbed the majority of the quota reductions, losing an approximate total of 45,400t of shrimp since 2009. LIFO has also factored into the loss of three processing plants in the province, and in some cases, allocations of adjacent community groups have been completely eliminated based solely on the application of the policy. The LIFO policy has resulted in significant impacts not only on Newfoundland and Labrador’s inshore fleet, but to a large number of coastal communities and businesses to which this fishery provides essential employment and income.

Newfoundland and Labrador’s All-Party Committee on Northern Shrimp Allocations (“All-party Committee”) was formed in 2014 to provide a unified provincial voice regarding the discriminatory nature of LIFO and the need to establish a more equitable allocation policy for the northern shrimp fishery. The All-Party Committee has consistently lobbied for the elimination of LIFO and requested that the Federal Government take more appropriate resource allocation measures that mitigate impacts through a more fair and balanced manner. Under the previous Conservative Federal Government, Fisheries and Oceans Canada (DFO) refused to consider any alternative to LIFO for the northern shrimp fishery.

During the federal election campaign in the fall of 2015, Liberal leader Justin Trudeau committed to review the LIFO policy if elected. On March 29, 2016, DFO announced the suspension of the LIFO policy and the shrimp fishery in Shrimp Fishing Area (SFA) 6, until a full scientific assessment and a review of the allocation policy was completed. A Ministerial Advisory Panel (“Panel”) was established to conduct the external review of the LIFO policy. The Panel’s terms of reference include the provision of advice to the Minister of DFO as to whether LIFO should be continued, modified, or abolished for the 2016 season and beyond; the key considerations (i.e. principles) that should inform any decision to continue, modify, or abolish LIFO; and if LIFO were to be modified or abolished, the elements of an access and allocation regime for the entire northern shrimp fishery.

The purpose of this position paper is to provide a background of the northern shrimp fishery and its importance to Newfoundland and Labrador’s fishing industry; demonstrate the disproportionate impact of LIFO on the northern shrimp fishery; and highlight the All-Party Committee’s position and recommendations to the Panel regarding the access and allocation of the northern shrimp resource.

2.0 Background

2.1 Overview of the Fishery

The Canadian northern shrimp fishery commenced in the late 1970s off Labrador and north to the Davis Strait and by 2000 extended from the southern Grand Banks north to the Davis Strait. Fisheries management for the shrimp resource on the northeast coast is divided into eight SFAs numbered north to south (SFA 0 to SFA 7) (DFO, 2007). Former SFAs 2 and SFA 3 are now known as the Eastern Assessment Zone and the Western Assessment Zone, respectively, (DFO, 2015) with SFAs 4 to 7 being directly adjacent to Newfoundland and Labrador.

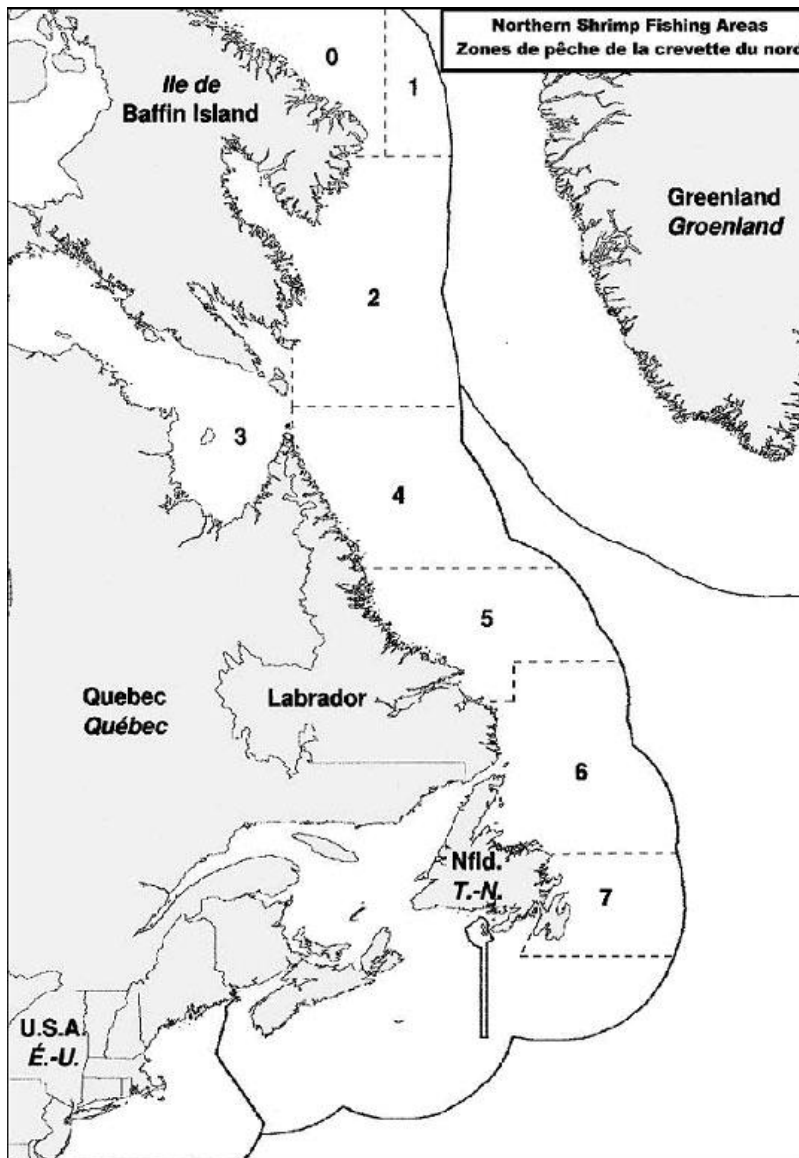


Figure 1: Northern Shrimp Fishing Areas (Source: DFO)

When the fishery began in the late 1970s, access to the resource was distributed amongst various stakeholders from Newfoundland and Labrador, Nova Scotia, New Brunswick, and Quebec. Eleven offshore licences were issued in 1978, followed by one offshore licence in

1979 and four offshore licences in 1987. To encourage development of the northern shrimp fishery, the Federal Government permitted offshore enterprises to charter foreign vessels to harvest their allocations; this practice was phased out in the 1980s (Pisces Consulting Limited, 2015). The last offshore licence was issued in 1991, for a total of 17 licences. The offshore sector had sole access to the northern shrimp fishery until 1997.

Due to a significant increase in the abundance of northern shrimp, the overall TAC (SFAs 0 to 6) increased from 8,200t at the start of the fishery in 1978 to 37,600t in 1996. By that time, inshore harvesters, who were heavily dependent on groundfish resources, had been enormously impacted by the groundfish moratorium. Given the substantial increases in northern shrimp in areas that had once sustained a substantial inshore groundfish fishery, the Government of Newfoundland and Labrador continually advocated that adjacent inshore harvesters be granted access to the fishery (Appendix A). In 1997, the inshore (<65 foot) sector was provided temporary access to SFA 6 through harvesting permits. These harvesting permits were converted to regular commercial licences in 2007.

St. Anthony Basin Resource Inc. (SABRI) was also granted access to SFA 6 in 1997 and provided a 3,000t special allocation. An additional 20 special allocations have been granted throughout the northern shrimp area since 1997. These special allocation holders consist of First Nations groups, some of which are currently recognized under Land Claims agreements, and a number of community groups (Pisces Consulting Limited, 2015). They are generally fished through an arrangement with an offshore vessel. A very small portion of special allocations assigned in southern and northern Labrador are currently harvested by inshore enterprises.

The northern shrimp fishery is a limited entry fishery and is managed by means of a TAC, which is set for the individual SFAs (0-7). SFA 1 is a shared stock between Canada and Greenland, with Canada having established a 17 percent share of the stock. SFA 7 is managed by the Northwest Atlantic Fisheries Organization (NAFO) as the resource extends outside the Canadian 200-mile limit, with Canada allocated 83 percent of the TAC. The shrimp fishery in SFA 7 opened in 2000 but was closed in 2015 due to a declining resource. The fishing season for SFAs 1 and 7 are on a calendar year cycle (January 1 to December 31), while SFAs 2 to 6 changed to an April 1 to March 31 fishing season in 2003 (DFO, 2007).

An Integrated Fisheries Management Plan (IFMP) is used by DFO to guide the sustainable management of the northern shrimp resource. In accordance with the northern shrimp IFMP, the TACs are adjusted and conservatively managed through scientific assessments and advice on the status of the resource. The IFMP includes a precautionary approach framework for northern shrimp in SFAs 2 to 7, which consists of harvest control rules to guide decision-making in relation to the TACs¹ (DFO, 2007).

The offshore shrimp fishery generally operates year round beginning in SFAs 5 and 6 in January and moving north as the ice permits throughout the year. The inshore shrimp fishery runs seasonally from April to October, with the bulk of the landings occurring from June to October.

¹ For SFA 7, these guidelines are for DFO planning purposes only and are subject to NAFO decision-making (DFO, 2007).

2.2 Fleet Structure

The northern shrimp fishery consists of two operating fleets, the offshore fleet (>100') and the inshore fleet (<65').

2.2.1 Offshore Fleet

The offshore shrimp fleet currently consists of 10 factory freezer trawlers of approximately 200 feet in length that embark on 6-10 fishing trips per year that last from 20 to 75 days. Shrimp is frozen on board in either whole cooked or whole raw formats, destined for markets located primarily in Asia and Europe. The offshore sector is comprised of 17 licences currently held by 14 corporate entities throughout Atlantic Canada, Quebec, and Nunavut. Three companies hold 2 licences each, with 11 others holding a single licence (2 of these are joint owners of a company holding 1 licence). Of the 17 licences, 8 are based in Newfoundland and Labrador. Each offshore licence holder initially received equal shares of the annual TACs, which were formalized as individual quotas under an Enterprise Allocation regime in the late 1980s. The offshore fleet also harvests special allocations of shrimp under lease and/or profit sharing arrangements (Pisces Consulting Limited, 2015).

The offshore northern shrimp licence holders are represented by three organizations: the Canadian Association of Prawn Producers (CAPP) represents eight licence holders; the Northern Coalition represents five licence holders; and the Nunatsiavut Government represents one licence holder (Pisces Consulting Limited, 2015).

2.2.2 Inshore Fleet

The inshore fleet is generally comprised of vessels less than 65 feet in length that have fished shrimp in SFA 6 since 1997 and in SFA 7² from 2000 to 2015. These vessels conduct trips of four to five days and land fresh product to shore-based processing facilities that process landings almost exclusively into cooked and peeled products. The fleet operates on a competitive basis with trip limits and harvesting caps determined and regulated by the industry.

The inshore fleet is currently comprised of 244 licensed enterprises for SFA 6. Approximately 234 of the licensed inshore enterprises are currently active and provide employment for 1,200-1,300 harvesters. The inshore fleet is represented by five committees elected by area-based licence holders.

2.3 Landings by Sectors

Since the offshore northern shrimp fishery began in the late 1970s, there have generally been shortfalls in the amount of offshore landings. These shortfalls increased in the 2000s. SFAs 0 and 1 have not been fished in recent years due to low catch rates and high fishing costs. Figure 2 shows the approximate total amount of shrimp quotas available to and landed by the offshore sector through direct allocations and special allocations. In the more recent time period, there has been a decrease in the utilization of the allocation available to be fished by the offshore.

² The shrimp fishery in this area was closed by NAFO in 2015 due to a resource decline.

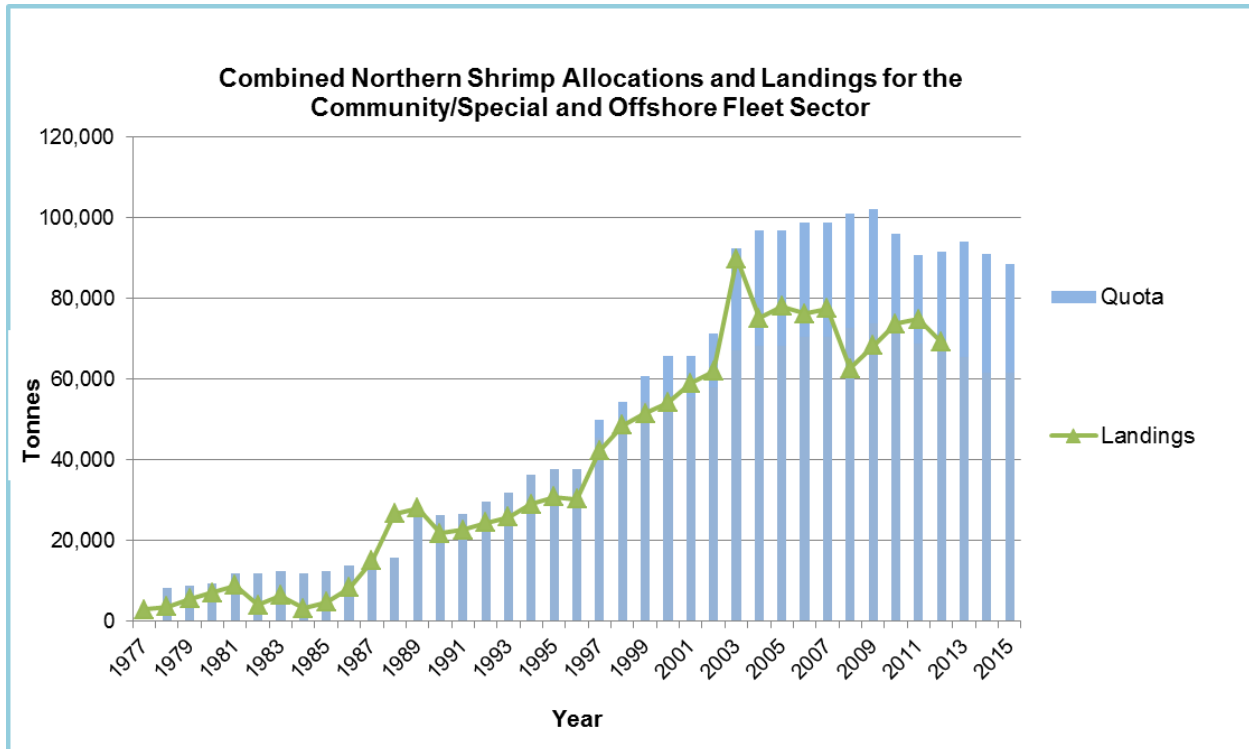


Figure 2: Combined northern shrimp quota allocation and landings for the community/special and offshore fleet sector (Source: DFO). Landings beyond 2012 are not published and therefore not included.

Since the inshore northern shrimp fishery began in 1997, the inshore quota has generally been landed, with the exception of 2009 and some minor periodic shortfalls (Figure 3). In 2009, less shrimp was landed than in prior years primarily due to a six-week shutdown of the inshore shrimp fishery due to price disputes, and also due to less fishing effort and low catch rates. All of these factors can be attributed to the adverse effects on market demand and exchange rates arising from the 2008 global recession.

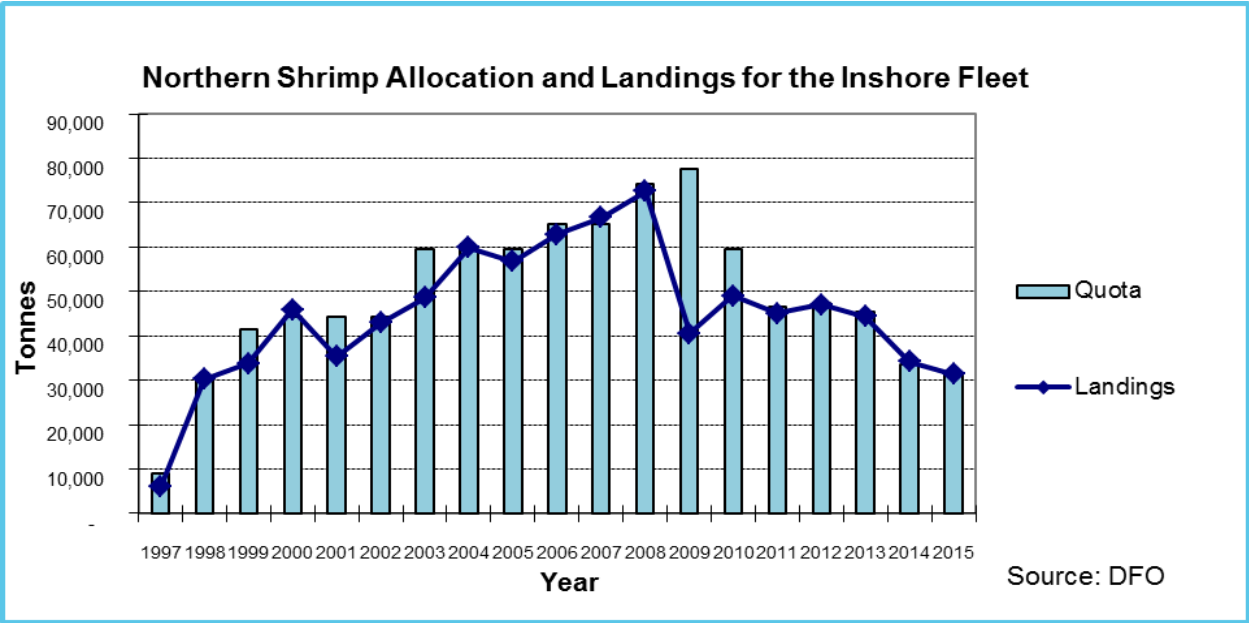


Figure 3: Northern shrimp quota allocation and landings for the inshore fleet (Source: DFO).

3.0 History of the Allocation of Northern Shrimp

The overall northern shrimp TAC (SFAs 0 to 6) increased from 8,200t at the start of the fishery in 1978 to 37,600t in 1996, as the shrimp resource increased. It was no longer acceptable for the fishery to be restricted exclusively to the 17 offshore licence holders, particularly when shrimp resources were increasing rapidly due in a large part to the absence of groundfish predators and the environmental shift.

In 1997, a new set of sharing principles were introduced to guide the expansion of the northern shrimp fishery and the sharing arrangement into the future (Appendix B). These were based on an Atlantic-wide process and included:

1. *Conservation of the resource is paramount.*
2. *The viability of existing enterprises will not be jeopardized.*
3. *Current northern shrimp licence holders will retain 37,600 tonnes that was allocated to them in 1996. Where TAC exceeds 37,600 tonnes, temporary access will be given to new entrants.*
4. *Adjacency will be respected, which means that those who live near the resource will have priority in fishing it.*
5. *Priority will be given to increasing participation of aboriginal people in the established commercial fishery.*
6. *Priority access will be given to inshore vessels less than 65 feet in length. Access by midshore and offshore fleets will be considered for the more northerly fishing areas.*
7. *Existing licence holders will share some of the increased TAC.*
8. *Employment will be maximized in both the harvesting and processing sectors where possible.*

Priority of access for quota increases was granted to inshore harvesters adjacent to Newfoundland and Labrador (2J3KL and 4R) and to those on the lower Quebec North Shore (4S). While announcing the new management plan for the northern shrimp fishery and the introduction of new user groups on April 23, 1997, the Honourable Fred Mifflin stated, *"In regard to the allocation of increases in shrimp fishing areas 5 and 6, which are situated off the shores of Labrador and Newfoundland, I have been guided by the long-standing principle of adjacency. Those living closest to the stock will benefit from it."* The announcement defined adjacency as *"the principle that those who reside next to the resource or have traditionally fished in those waters should have priority access to it"* (Appendix B).

In 1999, the Honourable David Anderson, Minister of DFO, continued to emphasize the use of adjacency as a guiding principle in the allocation of the northern shrimp resource. During a question period in the House of Commons on May 12, 1999, he stated, *"Mr. Speaker, according to departmental principles and policies, where there is an increase in the shrimp population in the northern zone, these shrimp are made available to fishers in contiguous fishing areas; if the*

fishers are further away and in another province, distant from that area, they do not get the TAC. That is very clear, very simple, and the fishers are well aware of it” (Appendix C).

After additional access was granted to the northern shrimp fishery in 1997, the overall annual TAC continued to increase, from 59,050t in 1997 to 176,868t in 2009. These increases allowed for additional allocations to aboriginal/community groups, as well as to existing inshore and offshore allocation holders. While the principles established in 1997 were used to guide the sharing of an increasing northern shrimp resource, they did not include a formula for sharing annual increases in the TAC between licence holders and new entrants. Therefore, decisions about sharing had to be made annually by the Minister of DFO (IPAC, 2002).

In 2006, the Honourable Loyola Hearn, Minister of DFO, announced that the shares between the inshore and offshore fleets for shrimp in SFA 7 were now stabilized based on the 2005 shares. The Minister also stated that access in the other SFAs (0 to 6) was being stabilized, subject to Land Claims agreements, until 2010. With access now stable in the northern shrimp fishery, the announcement stated that over the next two years, DFO planned to work with all interests to map out a way for the fishery to respond to future changes in abundance (Appendix D). On April 12, 2007, Minister Hearn announced his intention to bring permanence and stability to sharing arrangements by 2010 (Appendix E).

That same day, the Government of Canada and the Government of Newfoundland and Labrador announced the outcome of the Federal-Provincial Fishing Industry Renewal Initiative by introducing measures to strengthen Newfoundland and Labrador’s fishing industry (Appendix F). **The initiatives announced by the Federal Government included the conversion of temporary harvesting permits, granted to inshore shrimp harvesters, to regular or permanent licences to further promote stability in the inshore fleet.** This meant the inshore sector licences were now considered to be permanent in nature and, unlike temporary licences or permits, would not be subject to sudden termination in the future (Pisces Consulting Limited, 2015). The Government of Newfoundland and Labrador also undertook a number of initiatives, including enhancing its Fisheries Loan Guarantee Program to facilitate bank financing for harvesters wishing to take advantage of federal licensing policy changes.

The conversion to permanent shrimp licences, along with the accompanying announcements on the renewal of Newfoundland and Labrador’s fishery, formed the basis for inshore harvesters’ decisions on fleet rationalization and combining. The 2007 policy, “Preserving the Independence of the Inshore Fleet in Canada’s Atlantic Fisheries” (PIIFCAF), reaffirmed the importance of maintaining an independent and economically viable inshore fleet in which the benefits of the licence stay with licence holders and provide social and economic benefits to coastal communities (Appendix G).

4.0 The impact of the LIFO Policy on Allocations

While the northern shrimp resource remained healthy in most northern areas, it began declining in SFAs 6 and 7 in the late 2000s. As a result of the decline, reductions to the TACs for northern shrimp began in 2010 for SFA 6 and in 2011 for SFA 7.

In SFA 6, the TAC was reduced from 85,725t in 2009 to 48,196t in 2015. Due to the application of LIFO, the offshore sector allocation was reduced by 18 percent, from 16,612t in 2009 to 13,559t in 2015. The impact to the inshore sector was far more severe; its allocation was reduced by 47 percent, from 59,613t in 2009 to 31,637t in 2015. The North of 50-30 Associations of Newfoundland and Labrador and Lower North Shore-Quebec lost complete access when their allocations of 3,000t and 1,000t, respectively, were eliminated in 2010. The Fogo Island Co-operative and the Innu Nation of Labrador's allocations were eliminated in 2014. SABRI is the only special allocation holder remaining in SFA 6 and continues to hold an allocation of 3,000t.

In SFA 7, the TAC was reduced from 30,000t in 2010 to 4,300t by 2014, which resulted in the Canadian quota falling from 24,990t to 3,582t. This resulted in quota reductions for both the inshore and offshore fleets, as well as the elimination of the Miawpukek First Nation's allocation of 278t. In 2015, NAFO closed the shrimp fishery in SFA 7 due to a continued decline in the resource in this area. This resulted in a further loss of 1,791t of shrimp to the inshore sector in 2015 and 716t to the offshore sector, while Prince Edward Island lost its allocation of 1,075t.

Overall, from 2009 to 2015 the inshore sector's total allocation of shrimp (SFAs 6 and 7) was reduced from approximately 77,000t to 31,600t, a loss of 45,400t. Over the same period, the offshore sector's total allocation across all SFAs was reduced by 10,800t, from 73,700t to 62,900t. The total allocation to community groups was reduced by 2,000t, from 28,000t to 26,000t (see Table 1).

Shrimp allocation reductions by sector from 2009 to 2015			
Sector	2009 allocation (tonnes)	2015 allocation (tonnes)	Percent reduction (%)
Offshore	73,700t	62,900t	14.7%
Community	28,000t	26,000t	7.1%
Inshore	77,000t	31,600t	59%

Table 1: Resulting shrimp allocation reductions by sector from 2009 to 2015 under LIFO.

Figure 4 further illustrates the disproportionate impact of LIFO on the inshore sector from 2009 to 2015. In 2015, the inshore sector's allocation of 31,600t is just slightly higher than its 1998 level of 29,840t. In 1998, the combined offshore and special allocations total was approximately 53,000t, yet in 2015 the total was approximately 88,000t or 66 percent higher than the total combined amount of shrimp provided to these sectors in 1998.

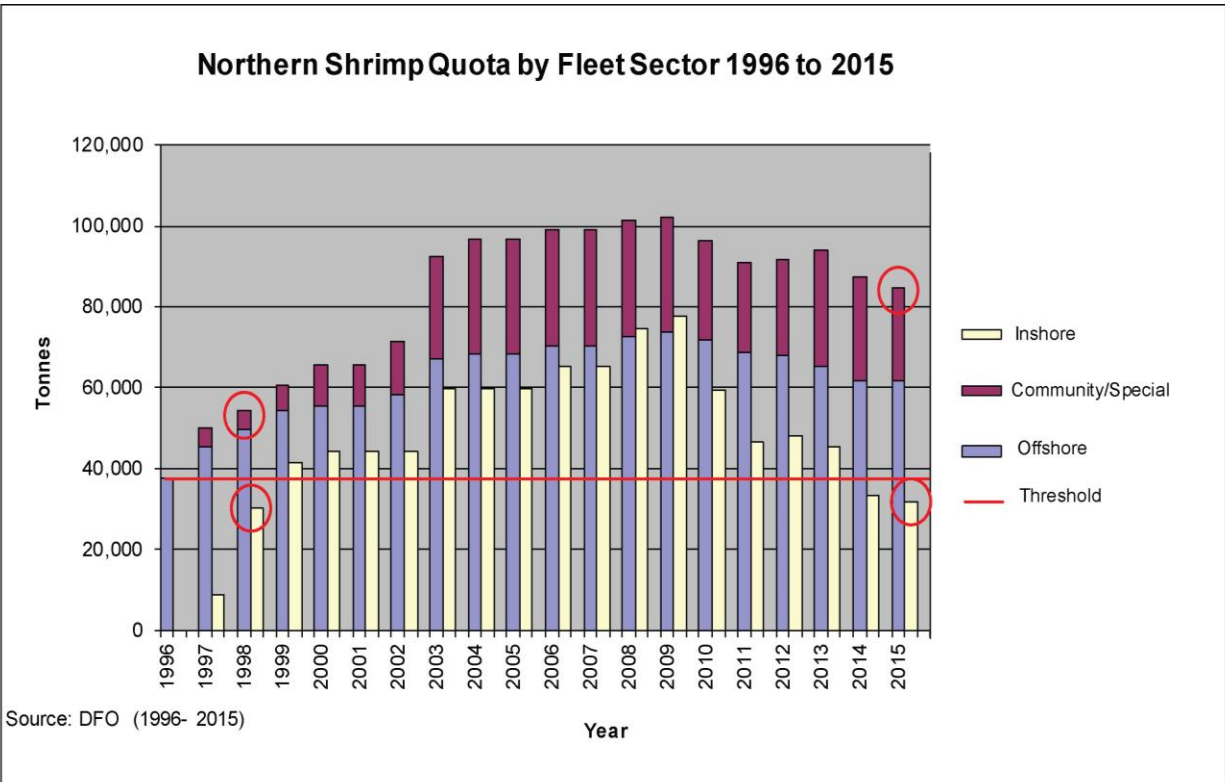


Figure 4: Northern shrimp quota by fleet sector from 1996 to 2015 (Source: DFO). The red circles denote the allocations provided to the fleet sectors in 1998 and 2015.

Given the decline in the northern shrimp resource, the Government of Newfoundland and Labrador recognized the need for quota reductions, but opposed the disproportionate impact of these reductions on the inshore sector, particularly given its major investments in the shrimp fishery and status as permanent licence holders. The Government of Newfoundland and Labrador consistently advocated that DFO rescind LIFO and implement a more balanced and equitable approach for allocating shrimp quotas. In 2012, DFO initiated an external review of the LIFO policy (DFO, 2012), which the Government of Newfoundland and Labrador had expected would consider other management alternatives besides LIFO. The scope of the review, however, was far narrower than had been agreed upon during a meeting between DFO and the Government of Newfoundland and Labrador in 2011, and instead reviewed whether LIFO had been applied in a consistent manner in 2010 and 2011.

On April 14, 2014, the Government of Newfoundland and Labrador formed a seven-member All-Party Committee to raise issues in relation to the LIFO policy in the northern shrimp fishery and to advocate for a more equitable distribution of quota cuts between the inshore and offshore sectors (Appendix H). The All-Party Committee held hearings on April 22 and 24, 2014, with representatives from the shrimp fishery, members of the business community, and municipal leaders to gather their perspectives on the impacts of the LIFO policy. Formal input was received from a number of stakeholders, including SABRI, CAPP, the Fish, Food, and Allied Workers (FFAW), Fogo Island Co-operative, and Torngat Joint Fisheries Board. A number of written submissions were also received from stakeholders. The information gathered through the consultation process was used to inform the All-Party Committee’s position and recommendations to the Federal Government regarding the application of LIFO in the northern shrimp fishery.

On May 5 and 6, 2014, the All-Party Committee delivered presentations to the House of Commons Standing Committee on Fisheries and Oceans and to the Senate Standing Committee on Fisheries and Oceans (Appendix I). The All-Party Committee conveyed the tremendous and disproportionate impact of LIFO in the northern shrimp fishery and made four recommendations to the Standing and Senate Committees:

1. To eliminate the LIFO policy and establish a new sharing arrangement between the inshore and offshore through a process that is consistent with those applied to other fisheries;
2. To ensure that this new sharing arrangement considers adjacency and reflects the history of both fleets in the northern shrimp fishery;
3. To carry out an immediate, full scientific assessment on the northern shrimp resource, and that full assessments occur annually during this time of apparent resource decline; and
4. To implement a plan to study the impact of climate change on the ecosystem and the northern shrimp resource.

On July 22, 2014, the All-Party Committee met with the Honourable Gail Shea, then Minister of DFO. The All-Party Committee called on Minister Shea to immediately rescind LIFO and implement the recommendations that had been presented to the House of Commons Standing and Senate Standing Committees. Minister Shea provided no indication that the Federal Government would act on any of the committee's recommendations, and issued a news release immediately following the meeting stating that DFO had no plans to eliminate or change the LIFO policy (Appendix J), **stating that the decision to reduce shrimp quotas was based on long-standing policies and that inshore fleet members have received 90 percent of all increases to the shrimp quota since 1998.** The All-Party Committee immediately issued a news release to highlight the Federal Government's stance on LIFO and the consequences for Newfoundland and Labrador's fishing industry. The committee also corrected inaccurate statements made by Minister Shea in justifying the application of LIFO, **noting that the inshore fleet received 90 percent of quota increases in SFA 6 only, not 90 percent of all increases as indicated by the minister** (Appendix K). The minister's statement had failed to acknowledge that the offshore sector's overall quota had increased 26,000t over its range of accessible fishing areas, as well as having gained access to 24,000t of special allocations.

5.0 The Socio-Economic Impacts of the Shrimp Industry

5.1 Background

The shrimp industry is a significant economic driver for the Newfoundland and Labrador economy, and is particularly important to rural communities. The inshore sector is comprised of the inshore harvesting fleet and onshore processing, while the offshore sector is comprised of factory freezer trawlers. Virtually all inshore vessel landings occur in Newfoundland and Labrador and approximately 70 percent of offshore landings. Spin-off benefits include offloading/stevedoring, trucking, vessel provisioning, etc.

The inshore shrimp fishery directly employs workers in the harvesting and processing sectors and indirectly within supplier and service industries like packaging, transportation and restaurants, gas stations, etc. The number of workers directly employed in the inshore shrimp industry (harvesting and processing) was about 2,800 in 2015. There are 244 Newfoundland and Labrador-based licensed inshore shrimp fishing enterprises (down from a peak of 365), of which 234 were active in 2015. The inshore fleet sector directly employed 1,200 to 1,300 harvesters and shrimp is landed at approximately 25 ports in the province (see Appendix L).

In 2015, there were 10 active shrimp plants in the province (Appendix M). The number of shrimp plants is down from a peak of 13. These processing facilities rely mostly on the inshore fishery for its supply of raw material. A few plants also occasionally process some industrial shrimp landed from the offshore fleets, as well as some imported shrimp. In 2015, these shrimp plants produced 14,500t of cooked and peeled product, a combination of 11,782t associated with inshore landings, 796t associated with industrial shrimp landings, and 1,914t associated with imports. The plants employed 2,200 workers for a total of 1.7 million hours. The actual number of workers directly producing shrimp is lower as some plants report total employment for its multi-species facilities. As such, the employment is closer to 1,500. Workers in these facilities are from over 175 communities around the province (see Table 2).

Newfoundland and Labrador Shrimp Plants 2015		
Location	Peak Employment	Number of communities in which workers resided
Clareville	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	150 est	53
Old Perlican	150 est	50
St. Anthony	117	16
<i>Total</i>	~1500	175*

Table 2: Shrimp plants in Newfoundland and Labrador in 2015. Note: Individual plant workers may be employed at more than one plant. Bay de Verde employed 566 in all species and it was estimated that 150 workers were directly related to shrimp processing. Old Perlican employed 433 workers in all species and it was estimated that 150 workers were directly related to shrimp processing.

The offshore shrimp fishery currently has 17 shrimp harvesting licences held by 14 corporate entities. Eight of these licences are owned by Newfoundland and Labrador-based companies. The offshore quota is harvested with ten factory freezer trawlers that produce several product types, including shell-on cooked, industrial, and raw shrimp. There is a relatively small amount of industrial shrimp that is thawed and reprocessed into a cooked and peeled product form by onshore processors (approximately 2,400t in 2015). There are approximately 430 crew members from Newfoundland and Labrador.

5.2 Methodology

The Department of Finance completed an economic impact analysis of the shrimp industry to the provincial economy. The purpose was to quantify the economic impacts the shrimp industry has on Newfoundland and Labrador. The analysis covers 2015 and provides impacts for the industry as a whole, as well as by sector (inshore and offshore). The economic impact of the provincial shrimp industry was assessed using three macroeconomic variables, Gross Domestic Product (GDP), labour income, and employment. GDP is defined as the value of unduplicated goods or services produced by an industry or geographic region. It represents the share of industry output that accrues as income to factors of production (labour income and return to capital). Labour income represents the value of wages, salaries, and benefits earned by workers in the industry. Employment is measured in person years and is the equivalent of one person working for 12 months of the year on a full-time basis. For example, one person year

could be equal to one person working for 12 months of the year, or two people working for 6 months each during the year. Person year estimates do not indicate how many different people work within an industry/sector during a given year. The total number of individuals employed in the inshore sector exceeds this figure because of seasonal peaks in activity.

The analysis was prepared using the most recent price, landings, and employment data for 2015 to determine the value of the shrimp industry by sector to Newfoundland and Labrador. The estimated impacts of the shrimp industry on provincial GDP, labour income, and employment were separated into direct impacts and spin-off impacts. Direct impacts relate to activity directly associated with harvesting and processing shrimp. Spin-off impacts include both indirect and induced impacts. Indirect impacts estimate the activity generated by other industries that provide inputs (goods and services) into the shrimp industry, such as equipment maintenance, repair, and transportation. Induced activities account for all spending that occurs in an economy generated from individuals employed in direct shrimp operations and the indirect industries. The economic analysis was completed with induced multipliers estimated using the Newfoundland and Labrador Econometric Model (NALEM) and indirect impact multipliers estimated using the Newfoundland and Labrador Input-Output Model (NALIOM). An explanation of these models is provided below.

NALEM is a detailed model of the relationships between key economic variables affecting the provincial economy, and is used by the Government of Newfoundland and Labrador for economic forecasting. It is also used to assess the economic impacts created by major development projects, as well as government policy changes.

NALIOM simulates the relationships between commodity outputs and commodity inputs at an industry level, under the assumption of constant returns to scale (i.e. the proportion of factor inputs used per dollar of output remains constant). NALIOM provides estimates of the GDP, employment, and labour income impacts for 481 commodity purchases distributed over 236 industries. The strength of the model lies in its ability to capture backward linkages (i.e. indirect impacts that arise from the production of intermediate inputs by other industries). NALIOM is used in this study to obtain the indirect shrimp sector impacts.

The indirect impacts are combined with the direct impacts to produce the induced impacts. The induced impacts are based on multipliers derived from NALEM. The direct, indirect, and induced impacts are then combined to determine the total economic impacts of the shrimp sector on the provincial economy.

The analysis also relied on detailed data for each sector of the shrimp industry provided by the Department of Fisheries and Aquaculture, which is provided in the assumptions near the end of this report. Additional details along with a list of the key variables and assumptions are provided in Appendix N.

5.3 Economic Impacts

The combined contribution of the inshore and offshore shrimp sectors to the provincial GDP, including direct, indirect, and induced benefits, was \$419 million in 2015. It was found that the inshore shrimp sector contributed \$217 million to the provincial GDP, and generated \$105 million in labour income and 1,321 person years of employment. The offshore sector contributed \$202 million to the provincial GDP, and generated \$91 million in labour income and 733 person years of employment.

Economic Impacts of Shrimp Industry by Sector						
	Value 2015		Impact per tonne		Additional benefit from inshore	
Impacts	Inshore	Offshore	Inshore	Offshore	\$/tonne	%
Nominal GDP	\$217M	\$202M	\$6,040	\$5,410	630	12%
Labour Income	\$105M	\$91M	\$2,940	\$2,440	500	20%
Employment (py's)	1,321	733	0.03683	0.01959	0.01724	88%

Table 3: Economic impacts of the shrimp industry by sector (M= million and py's= person years). Source: Department of Finance; Department of Fisheries and Aquaculture

On a per tonne basis, the inshore shrimp sector generated 12 percent more GDP than the offshore, 20 percent more labour income, and an additional 88 percent in person years of employment. The inshore shrimp fishery is more labour intensive and involves more local onshore processing, and as a result it delivers larger local economic benefits than the offshore shrimp fishery, which is more capital intensive. Products produced using capital intensive production processes and less local labour generally produce high GDP, but significant portions of this GDP accrues to the capital owners, and as a result the local employment and labour compensation impacts are lower. As well, to the extent items used in the production process are imported, like large offshore fishing vessels, create leakages to the local economy, versus smaller vessels that are generally built and serviced locally.

The application of the LIFO policy in the northern shrimp fishery since 2009 has disproportionately negatively impacted the inshore industry and the provincial economy. Three shrimp processing facilities have closed, directly impacting approximately 500 plant workers. The operating period for most shrimp processing facilities has declined significantly since 2009. Additional quota reductions to the inshore fleet will likely result in further fish plant closures and marginalizing remaining vulnerable participants. Continued access to shrimp from the inshore fleet is paramount to ensure viable onshore operations.

In March 2015, the Government of Newfoundland and Labrador received the final report titled “*Socio-economic impacts of shrimp quota reductions in Newfoundland and Labrador.*” The study, completed by Pisces Consulting Limited, clearly demonstrated that the application of shrimp quota reductions is having a significant negative impact on the province’s inshore shrimp sector and associated communities (Pisces Consulting Limited, 2015). The All-Party Committee on Northern Shrimp Allocations presented the socio-economic analysis to Minister Shea on April 21, 2015. A copy of the report can be accessed via the Department of Fisheries and Aquaculture’s website via the following link: http://www.fishaq.gov.nl.ca/publications/pdf/Socio_Economic_Impacts_of_Shrimp_Quota_Reductions.pdf

The Pisces Report shows that with continued application of LIFO, there would be a significant reduction in quota to the inshore sector. For example, in the mid-term, quota was forecasted to decline from 50,788t in 2013 to 15,087t in 2019, a reduction of 35,681t (down 70 percent). The offshore would see a reduction from 40,571t to 30,217t, a decrease of 10,354t (down 26 percent). This report clearly demonstrates that out of the allocation options considered, LIFO is the most detrimental allocation method that could be applied and would result in disproportionate negative impacts on the provincial economy, including the number of inshore vessels; number of inshore harvesters; number of inshore plants; number of inshore plant workers; overall provincial GDP; overall provincial labour income; and the overall number of

person years of employment for the province. This action threatens the economic survival of many single industry communities in rural Newfoundland and Labrador. The offshore sector will experience negative impacts as well, but to a much lesser degree. The Pisces Report demonstrates that the mid-term (2019) impacts of applying LIFO include inshore sector losses of \$114 million in provincial GDP, \$68 million in labour income, and 867 person years of employment. The offshore sector losses would be \$34 million of provincial GDP, \$21 million in labour income, and 271 person years of employment. Given the significant increase in cooked and peeled product prices in recent years, the impact to the inshore would now be dramatically higher than those previously estimated by Pisces Consulting Limited.

Applying LIFO in the mid-term would impact over 100 communities with a 70 percent reduction in landings, thereby displacing 160 vessels and 750 crew members in the inshore harvesting sector, and displacing 7 plants and over 1,000 plant workers in the inshore processing sector. The closure of these shrimp plants would result in lower municipal taxes and could result in fewer services provided in the impacted communities. It would also impact the many local businesses that derive business from companies and individuals involved in the fishery. These include but are not limited to packaging, trucking, restaurants, hotels, and service stations. The offshore would see a 26 percent reduction in landings, which would result in displacing two vessels and 108 crew members. Pisces Consulting Limited assessed a number of mitigation strategies and concluded that alternative allocation methods would result in less negative economic outcomes for the provincial economy than LIFO.

The FFAW also released a socio-economic report on the northern shrimp fishery in March 2015 that supported these findings (Keenan and Carruthers, 2015).

If DFO continues to apply LIFO, the impacts will be detrimental to inshore participants and the rural communities that rely on this sector. The LIFO policy will directly impact inshore harvesters and workers employed in shrimp processing plants. It will also negatively impact supplier (goods and services) industries and have negative spin-off impacts on existing businesses and communities, particularly in rural areas of the province. The LIFO policy results in the inshore shrimp sector incurring a significantly larger negative economic impact than the offshore sector. As a result, there will be less raw material moving through the province's shrimp processing plants, which will have a negative impact on revenue and employment at these plants.

The timing could not be worse in terms of broader economic trends provincially. The impacts of LIFO are amplified given the current fiscal environment within the province and the challenges of quota reductions in other fisheries, such as snow crab. For example, since 2002, the snow crab quota has been reduced by 45 percent in 2J, from 3,381t to 1,865t, and by 62 percent in 3K, from 15,378t to 5,889t. In addition, the province has provided the inshore shrimp fleet with loan guarantees valued at nearly \$8.7 million. This is a small percentage of the total loans outstanding, as the Business Development Bank and commercial banks are reported to have much more extensive investments. If the LIFO policy were continued to be applied, some shrimp enterprises may not be financially capable of repayment.

6.0 All-Party Committee's Position Regarding the LIFO Policy in the Northern Shrimp Fishery

In February 2016, DFO released an update on the status of shrimps stocks in SFAs 4, 5, and 6. The update from the DFO research survey indicated that the shrimp stock in SFA 6 declined by approximately 40 percent from 2014 to 2015 to the lowest level observed since the beginning of the survey time series in 1996. Following the release of the new scientific information for northern shrimp, the All-Party Committee announced it would reconvene to discuss next steps in response to the scientific information and to form an approach for re-engaging the Federal Government on the need to eliminate LIFO (Appendix O). A full scientific assessment of shrimp was later conducted from April 4 to 6, 2016, which confirmed the survey information provided in the scientific update for SFA 6.

On April 13, 2016, the Federal Government launched a Ministerial Advisory Panel to conduct an external review of the LIFO policy in the northern shrimp fishery. The Panel will provide advice to the Minister of DFO on three key elements: whether LIFO should be continued, modified, or abolished for the 2016 season and beyond; the key considerations (i.e. principles) that should inform any decision to continue, modify, or abolish LIFO; and if LIFO were to be modified or abolished, the elements of an access and allocation regime for the entire northern shrimp fishery. The All-Party Committee's recommendations to the Ministerial Advisory Panel in relation to each of these questions are outlined in the following section.

Question 1: Should LIFO be continued, modified, or abolished, and why?

The All-Party Committee recommends that the Federal Government **immediately abolish the LIFO policy in the northern shrimp fishery.**

The LIFO policy does not exist in any other Canadian fishery, and violates many of the long-standing policies on access and allocation historically utilized in Canadian fisheries management and recognized internationally. When the Federal Government announced additional access to the northern shrimp fishery in 1997, it clearly stated that adjacency would be respected, and that those who reside next to the resource or have traditionally fished in those waters should have priority access to it. **The LIFO policy ignores the long-standing principle of adjacency** and serves to penalize inshore harvesters, as well as the communities that reside closest to the northern shrimp resource and that have fished in the waters off the coast of Newfoundland and Labrador for over 400 years. **LIFO ignores the inshore harvesters' historical attachment** to the northern shrimp fishery, which spans two decades since the fleet entered the fishery in 1997.

LIFO also fails to recognize the Government of Canada and the Government of Newfoundland and Labrador's shared vision under the 2007 Federal-Provincial Fishing Industry Renewal Initiative, which was to create a rational, self-sustaining, and stable fishing industry. It was on the basis of this strategy that the Federal Government converted temporary inshore shrimp permits to regular permanent licences, which indicated that inshore licences would no longer be subject to sudden termination in the future. In addition, the Federal Government took action to facilitate licence combining through mechanisms to ensure licences could be used as collateral for commercial financing purposes. The Government of Newfoundland and Labrador also undertook a number of initiatives, including enhancing its Fisheries Loan Guarantee Program to support licence combining. These policy changes and initiatives encouraged the inshore shrimp sector to make further significant investments in the shrimp fishery. **The LIFO policy fails to**

recognize the inshore sector's initial and continued investments, as well as its status as permanent licence holders in the northern shrimp fishery.

Based on the information from the full scientific assessment of northern shrimp in April 2016, and the precautionary approach framework adopted for the resource, the All-Party Committee anticipates that the quotas for SFAs 4 and 5 will remain stable in 2016. Given the extent of the decline of shrimp in SFA 6, however, the TAC for this area could be reduced by approximately 50 percent in 2016. Under this scenario, the application of LIFO will further reduce the inshore sector's allocation of shrimp in SFA 6 by almost 70 percent in one year, from 31,637t in 2015 to 9,987t in 2016. This is a loss of over 20,000t of shrimp to the inshore sector in just one year and a loss of over 49,000t since 2009 in SFA 6. The offshore sector's allocation in SFA 6, however, will be reduced by just 17 percent, from 13,559t in 2015 to approximately 11,313t in 2016. This is a loss of 2,246t since 2015 and a loss of 5,300t since 2009 in SFA 6.

Overall, should the 2016 TAC for SFA 6 be reduced by 50 percent, and assuming areas to the north remain stable, since 2009 under the continuation of LIFO the inshore sector will have lost a total of 67,022t of shrimp in SFAs 6 and 7 combined, which is an allocation reduction of almost 90 percent. The offshore sector will have lost a total of only 10,800t since 2009 (across all SFAs), a reduction of 14.7 percent (see Figure 5). This analysis clearly demonstrates that LIFO is an allocation policy that has **disproportionately distributed the impacts from quota reductions, with the majority of these reductions absorbed by adjacent inshore harvesters**, despite their proven ability to successfully participate in the shrimp fishery as permanent licence holders. This clearly illustrates the need for an alternative approach to the allocation of northern shrimp.

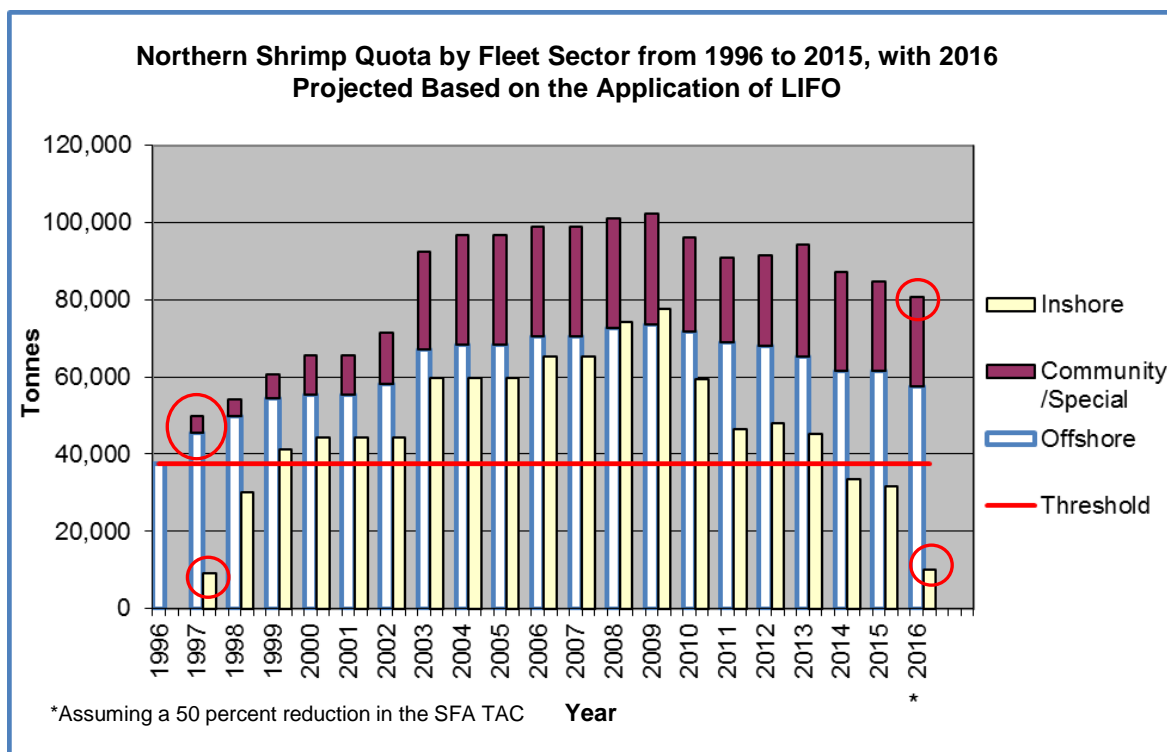


Figure 5: Northern shrimp quota by fleet sector from 1996 to 2016 (assuming a TAC reduction of 50 percent for SFA 6 in 2016 and stability in areas to the north).

The All-Party Committee believes the economic viability of both the inshore and offshore fleets is important; however, **LIFO fails to consider the viability of the inshore fleet** and unreasonably protects the offshore sector. The Federal Government has attempted in the past to justify the LIFO policy by arguing that the inshore fleet received 90 percent of all increases to the shrimp quotas since 1997, however, the increases of 90 percent were received only in SFA 6, to which inshore harvesters and communities are adjacent. The offshore fleet benefited from substantial quota increases in most of those other fishing areas, to which the inshore fleet has no access. For instance, in SFA 4 the offshore fleet has received 54 percent of the increase in the northern shrimp quota since 1996, a total of 6,300t, and in 2013 was granted an additional annual allocation of 4,033t of striped shrimp for by-catch purposes. In SFA 5, the offshore sector has received 55 percent of the quota increase since 1996, which equates to approximately 8,600t. In addition, the offshore sector has almost exclusive access to special and community allocations in SFAs 4 and 5.

The offshore and special allocations will total approximately 80,000t in 2016 under LIFO, which will be harvested almost exclusively by offshore operations. **LIFO ignores the availability of shrimp to the offshore sector through its access to other SFAs**, where the resource appears to be stable. **LIFO also fails to consider the relative mobility of the inshore and offshore fleets**. The inshore fleet is far more restricted in the areas in which it can operate, which is typically in late spring and summer due to its limited mobility and vulnerability to weather and ice conditions. The larger factory freezer trawlers operated by the offshore fleet are less restricted; operators can fish for a longer season and adjust fishing plans, or move to other areas, as opportunities arise.

Notwithstanding whether the LIFO policy was acknowledged or understood when it first appeared in the 2003 IFMP, **LIFO cannot be considered to be an established permanent sharing arrangement for the northern shrimp fishery**. In fact, it can be reasoned that the LIFO policy has been a moving target and is not a well-defined policy for allocation decisions. While it has been argued that the inshore sector agreed to the LIFO policy when sharing principles were established in 1997, this cannot be considered the case as LIFO did not appear in the northern shrimp IFMP until 2003. Section 6.3 of the 2003 IFMP stated, *“Should there be a decline in the abundance of the resource in the future, temporary participants will be removed from the fishery in reverse order of gaining access—last in, first out (LIFO).”* It does not state that allocations will be removed in reverse order but rather access will be removed in reverse order. In 2007, the definition within the management plan changed, with little to no consultation, and referred specifically to allocations. Section 2.5 of the 2007 (current) IFMP states that, *“In accordance with the principles developed in consultation with industry, all allocations since 1997 have been provided on a temporary basis, based on the “last in, first out” (LIFO) principle. In other words, should there be a decline in the abundance of the resource in the future; quota allocations will be removed from the fishery in reverse order of their application.”* It was not until 2010 that it became clear as to how DFO intended to apply LIFO, upon which the Government of Newfoundland and Labrador immediately raised its concerns.

LIFO provides no direction for decision-making in relation to allocations, TACs, or changing resource abundance. As the Independent Panel on Access Criteria noted in its 2002 report, there was no formula established in 1996 to guide sharing of annual increases in the shrimp TAC between licence holders and temporary new entrants (IPAC, 2002). When Minister Hearn announced percentage shares for SFA 7 in 2006, his statement that DFO planned to work with stakeholders to map out a way for the northern shrimp fishery to respond to future changes in abundance was a clear indication that no permanent sharing arrangement was considered to be established for SFAs 0 to 6 (Appendix D). No permanent sharing arrangement has since been

established for shrimp in these areas, as evidenced by its absence from DFO's published list of sharing arrangements in Atlantic Canadian fisheries.

Should the Federal Government continue applying the LIFO policy, the result will be a drastically reduced inshore fleet to a level that is beyond any reasonable level of viability in 2016. The policy will serve to eliminate the inshore sector from the shrimp fishery while the offshore continues to hold allocations far above the threshold of 37,600t, and will cause widespread economic ruin for hundreds of rural communities that are sustained by the inshore fishery.

Question 2: What key considerations (i.e. principles) should inform any decision going forward?

The LIFO policy only considers the point at which participants entered the northern shrimp fishery as its overarching principle to guide access and allocation. The policy fails to give due consideration to long-standing access and allocation criteria such as adjacency, as well as recognition of special claims and rights of indigenous peoples. No other fishery in Atlantic Canada is subject to the LIFO policy. Going forward, any decision regarding the access and allocation of northern shrimp should instead be guided by the following principles:

Adjacency

An allocation regime for northern shrimp should grant priority to those who reside closest to the resource. This includes the approximately 1,300 harvesters and 1,500 plant workers involved in the cooked and peeled shrimp industry in Newfoundland and Labrador, and the hundreds of rural communities who have traditionally fished in those waters for centuries. The Independent Panel on Access Criteria notes that the adjacency criterion is **“based on the explicit premise that those coastal communities and fishers in closest proximity to a given fishery should gain the greatest benefit from it, and on the implicit assumption that access based on adjacency will promote values of local stewardship and economic development”** (IPAC, 2002). The majority of the impacts from shrimp quota reductions have been absorbed by the inshore sector since LIFO began to be applied in 2009, which clearly indicates that this policy does not consider the principle of adjacency.

Historical Attachment

The allocation of northern shrimp should reflect the historical attachment of the participants. While the historical dependence of those who developed the fishery should be considered, LIFO *only* recognizes the historical participation of the offshore sector from 1978 to 1997. The inshore fishery has a historical attachment of over 400 years to the fishing grounds where the shrimp resource is found, which only became abundant when groundfish resources began to significantly decline in the 1980s. In addition, the inshore fleet has a 19-year history of participating in the shrimp fishery. The LIFO policy fails to consider any of this history.

Fleet Viability

The Independent Panel on Access Criteria, which was mandated to improve the definitions of traditional access criteria, defines economic viability as a *“criterion [that] requires that decisions regarding access promote, rather than compromise, the economic viability of existing participants in a particular fishery, as well as that of potential new entrants to that fishery”* (IPAC, 2002). In accordance with this principle, the allocation of northern shrimp should promote the viability of existing participants in the fishery. The disproportionate impacts due to LIFO,

however, compromise the viability of the inshore sector that relies heavily on the shrimp resource, particularly given recent declines in snow crab in 2J3K and the limited availability of groundfish. The continuation of LIFO will result in a drastically reduced inshore shrimp fishery beyond any reasonable level of viability in 2016, while the offshore retains total allocations far beyond the threshold of 37,600t.

Aboriginal and Community Participation

An allocation regime for the northern shrimp fishery should recognize aboriginal and community groups adjacent to the resource, and be consistent with Land Claims agreements. Aboriginal and treaty rights are constitutionally sanctioned, and as noted in the 2002 report of the Independent Panel on Access Criteria, aboriginal peoples should be significantly and effectively represented in all decision-making processes related to access in Atlantic Canada (IPAC, 2002). LIFO does not appear to recognize special claims and rights of indigenous peoples. For instance, in the event of a continued decline in the northern shrimp resource in SFA 4, the Nunatsiavut Government's allocation of 300t would be the first to be removed as it was the most recent special allocation provided, which was in 2012.

Economic Development

An allocation regime for northern shrimp should consider the revenue generated by participants in the fishery, by including economic development as a sharing principle. Factors for consideration under this principle include shrimp harvesting, onshore processing, and marketing developments. LIFO fails to recognize the significant contribution of the inshore shrimp sector and special allocation holders to the development of the shrimp fishery since additional access was granted in 1997. Over the past decade or more, the inshore shrimp sector is second only to snow crab in terms of landed value and production value in Newfoundland and Labrador.

Maximize Employment

The allocation of northern shrimp should seek to maximize the number of people employed in the fishery and employee hours, direct employment benefits for harvesters and plant workers, and spin-off benefits generated for communities that are adjacent to and economically depend on the resource. The magnitude of the reduction to the inshore allocation based on LIFO clearly contradicts this objective.

The All-Party Committee notes that the above principles are long-standing in fisheries resource management, both nationally and internationally, and are generally consistent with the sharing principles established in 1997 to guide access to the northern shrimp fishery (Appendix B).

Question 3: If LIFO was modified or abandoned, what are the elements of an access and allocation regime for the entire northern shrimp fishery?

The All-Party Committee recommends that the Federal Government adopt the below measures that would reflect the principles outlined in the previous section (Question 2) and form the basis of a new allocation regime for the northern shrimp fishery:

1. Remove the offshore fleet from SFA 6.

The All-Party Committee believes SFA 6 is unique as it is the only SFA in which both substantial inshore and offshore fisheries are occurring. As noted earlier, the inshore fleet, which currently supplies ten onshore processing operations, is for the most part restricted in

SFA 6 while an offshore fishery occurs in all SFAs. The All-Party Committee therefore believes that the offshore fleet should be removed from SFA 6.

This approach is similar to DFO's implementation of a 2005 recommendation (Appendix P) from the report titled "*Independent Process to Examine the Allocation of Sea Scallop on St. Pierre Bank*" (Hooley Report). David W. Hooley, Q.C. was contracted by DFO to: "establish an independent process that will examine the issue surrounding the conflict between the Offshore Scallop Fleet and the Newfoundland inshore fleet over the allocation of sea scallop quota on St. Pierre Bank and resolving the dispute in advance of the 2006 scallop fishing season." Hooley concluded that "the Newfoundland inshore fleet should be allowed exclusive access to 100 percent of the annually established TAC for sea scallops on the north bed of St. Pierre Bank. The Nova Scotia Offshore fleet should be allowed exclusive access to 100 percent of the annually established TAC for sea scallops on the Middle and South beds on St. Pierre Bank" (Hooley, 2005).

The rationale for this conclusion was as follows: "Both fleets have made out a case based upon the application of the overarching principles and the access criteria to the facts of this dispute. A geographic division and fleet separation on the 3 beds located in St. Pierre Bank has been recommended as it appears to be the fairest and most practical manner in which to share this important fishery for both fleets. The north bed is the closest to shore of the 3 beds, and the Newfoundland fleets case on adjacency is strongest with the proximity of this bed. Similarly, the other two beds are somewhat closer to the Nova Scotia based offshore fleet" (Hooley, 2005).

The All-Party Committee notes that while the circumstances around the St. Pierre Bank sea scallop fishery are not identical to the northern shrimp fishery, they are very similar. The northern bed is very similar to SFA 6 as it is the fishing area closest to the area from which the inshore shrimp fleet operates, making it accessible to these vessels just as the northern bed was most accessible to the inshore scallop fleet. While the shrimp areas to the north of SFA 6 would not be considered closer to the offshore fleet, these SFAs are more accessible by the larger offshore shrimp vessels just as the middle and south beds on St. Pierre Bank were more accessible to the offshore scallop fleet.

The All-Party Committee also points to the snow crab fishery in Newfoundland and Labrador and the entrance of the smaller vessels (<40') to the fishery in 1995. Similar to the inshore northern shrimp fleet, these vessels entered the snow crab fishery with temporary permits. These permits were converted to regular commercial licences in 2003 (Appendix Q). These vessels were also provided exclusive access to the inshore areas (bays and within 25 miles of the coast) as these were the areas they could access in this vessel category. The larger vessels in what is referred to as the supplementary and full-time fleets were required to move to crab fishing grounds further offshore. This again was a solution to an issue under circumstances that are similar to those associated with the northern shrimp fishery.

Figure 6 illustrates the All-Party Committee's recommended approach for a new equitable sharing arrangement that would distribute the impacts of the declining shrimp resource amongst all participants, rather than almost exclusively to the inshore sector. Unlike LIFO, this approach would recognize the inshore sector's adjacency to the northern shrimp resource, its two-decade history participating in the shrimp fishery, and its historical attachment to the fishing grounds in SFA 6. It would also recognize the inshore sector's substantial investments and contributions in relation to the development of the northern shrimp fishery. Given anticipated quota reductions, this approach would enable the inshore

sector to remain in the northern shrimp fishery, although at a reduced level of approximately 23,000t in 2016, and provide a significantly improved level of viability compared with LIFO. The viability of the offshore fleet would not be jeopardized, as it would retain access to shrimp in areas north of SFA 6 that appear stable and would hold an estimated overall allocation in 2016 of approximately 50,000t (assuming a 50 percent reduction in SFA 6 and stability in areas to the north). The offshore fleet would also retain access to additional amounts of community and special allocations, resulting in access to overall allocations far exceeding the 37,600t threshold level.

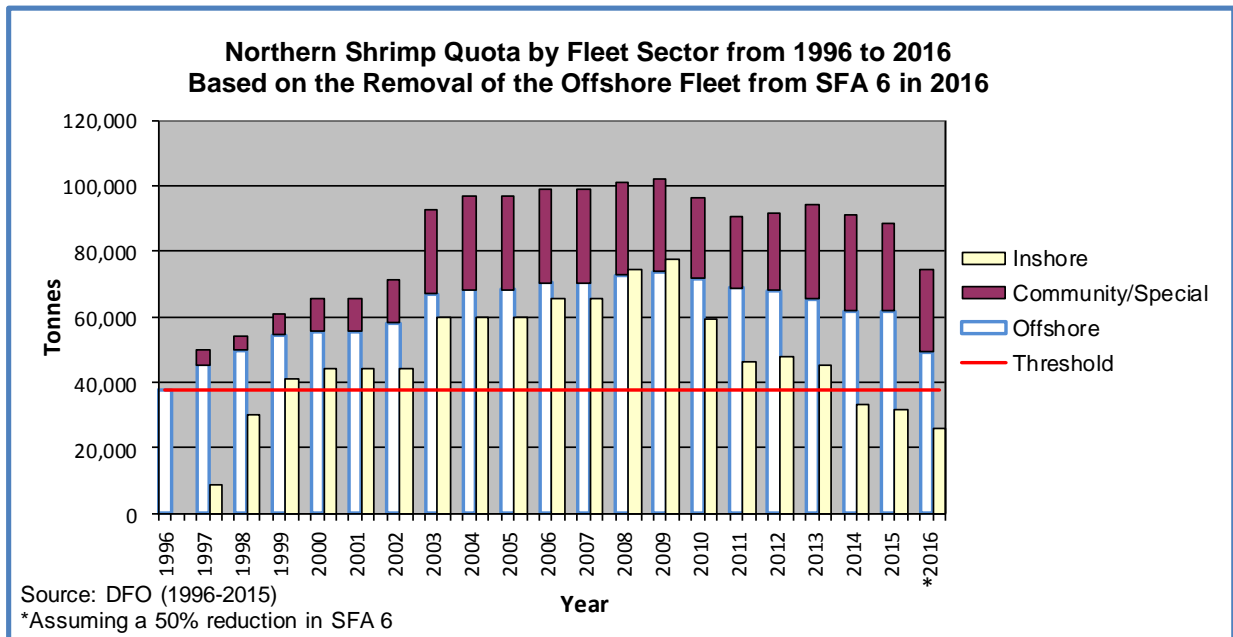


Figure 6: Northern shrimp quota by fleet sector from 1996 to 2016 based on the removal of the offshore fleet from SFA 6 in 2016.

2. Provide all current special/community/aboriginal allocation holders a permanent percentage share.

An allocation regime for the northern shrimp fishery should be based on the establishment of permanent percentage shares to provide greater resource stability and predictability to those involved in the fishery. It would also be consistent with DFO’s access and allocation policies and its intent to establish stabilized sharing arrangements for fisheries in Atlantic Canada.

In keeping with these established policies and objectives, the All-Party Committee recommends that all current special/community/aboriginal allocation holders in the northern shrimp fishery be granted a permanent percentage share. This approach would reflect the principles of adjacency and historical attachment as all current allocation holders are adjacent to the northern shrimp resource and all have established a history in the fishery. All current participants, with the exception of the Nunatsiavut Government, have held an allocation since 2003. This approach also considers the principle of economic development, as all current special/community/aboriginal allocation holders have contributed to the development of the northern shrimp fishery since their allocations were received.

As special allocation holders entered the shrimp sector at various times over the past two decades, and most have had relatively stable allocations since gaining access, one option is to calculate shares based on the allocations received in 2015. Based on this approach, SABRI would receive a permanent share of 6.2 percent in SFA 6, based on its 2015 allocation of 3,000t from a total quota of 48,196t. Using the same approach, the resulting shares for SFAs 4 and 5 are illustrated in Tables 4 and 5. The All-Party Committee notes that if such an approach was taken, the allocations below may require adjustments to fulfill obligations in relation to Land Claims agreements and aboriginal treaty rights.

Quota Holder	2015 allocation	SFA 4 (Share %)
OFFSHORE	11,519	77
INSHORE	702	4.7
INNU	750	5.0
Nunatsiavut Government	300	2.0
Northern Shrimp Research Foundation	1,700	11.3
TOTAL	14,971	100

Table 4: Sharing for SFA 4 based on 2015 allocations, noting that adjustments may be required to fulfill obligations in relation to land claims and treaty rights of aboriginal peoples.

Quota Holder	2015 allocation	SFA 5 (Share %)
OFFSHORE	16,270	70
INNU	510	2.2
Labrador Inuit Association	1,260	5.4
CARTWRIGHT	710	3.0
INSHORE (Cartwright to L'Anse- au-Clair)	3,400	14.5
INSHORE (Northern Peninsula)	400	1.7
NunatuKavut Community Council	750	3.2
TOTAL	23,300	100

Table 5: Sharing for SFA 5 based on 2015 allocations, noting that adjustments may be required to fulfill obligations in relation to land claims and treaty rights of aboriginal peoples.

3. Give consideration to the social benefits of offshore licence holders.

Amongst offshore licence holders, some have a strong social agenda which accrues major benefits to adjacent communities. The All-Party Committee believes it is important that the Ministerial Advisory Panel recognizes that some offshore license holders provide greater economic and social benefits to adjacent communities than others. This should be taken into account in access and allocation decisions, as it was when the Northern Coalition was provided an allocation in SFA 5. Similar arrangements could be considered to recognize the economic and social benefits some license holders provide to communities, regions, and areas adjacent to the northern shrimp resource.

7.0 Summary and Conclusion

LIFO is an ill-conceived allocation tool that has no real basis in terms of DFO's long-standing resource allocation policies. The policy blatantly protects the interests of the offshore sector. No other fishery is subject to a LIFO application and the All-Party Committee sees no rationale to continue applying it to the northern shrimp fishery. The inequitable distribution of impacts afforded by LIFO call for its immediate elimination and the establishment of a more fair and balanced allocation process for the northern shrimp fishery.

The All-Party Committee's recommendation to remove the offshore fleet from SFA 6 would achieve a more balanced approach for the allocation of northern shrimp, by more equitably distributing the impacts amongst allocation holders, shore-based processing facilities, and associated communities. It would also maintain an inshore shrimp fishery in SFA 6, as well as the viability of the offshore fleet through its continued access to areas north of SFA 6. This approach would better reflect the inshore sector's adjacency to the northern shrimp resource, as well as the historical attachment and economic dependency of both the inshore and offshore sectors on the shrimp fishery.

Similarly, the All-Party Committee's recommendation to provide permanent percentage shares to current special/community/aboriginal allocation holders would reflect their adjacency and historical attachment to the northern shrimp resource, as well as provide greater stability to these entities. It would also better reflect the Federal Government's long-standing policies and principles for resource allocation and its intent to bring permanence and stability to resource sharing in Canadian fisheries. The All-Party Committee reiterates that the establishment of permanent shares should respect established Land Claims agreements and the constitutionally sanctioned treaty rights of aboriginal peoples who have a right to participate in, and benefit from, a commercial northern shrimp fishery.

Finally, giving consideration to the social contributions of some offshore licence holders in the allocation decision-making process would preserve the ability of these participants to continue with social and economic development initiatives and benefits that are essential to sustaining coastal communities in Newfoundland and Labrador.

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Appendix A



File No

GOVERNMENT OF NEWFOUNDLAND AND LABRADOR
DEPARTMENT OF FISHERIES

FAXED
Dec. 23

OFFICE OF THE DEPUTY MINISTER

December ²² 8, 1993

P.O. Box 8700
30 Strawberry Marsh Rd.
St. John's, Nfld.
A1B 4J6

Ms. Kathryn Bruce
Resource Allocation Branch: Atlantic
Fisheries and Oceans Canada
Ottawa

Ret Rob Coombs

Dear Ms. Bruce:

Please accept the following response with respect to the multi-year Northern Shrimp Management Plan (1994-1996).

Firstly, it is obvious from the suggested TACs that the new Hawke/3K unit (SFA 6 in the plan) will receive considerable fishing pressure in the near future. Frankly, the increase in the TAC for this unit since 1991 is incredible. The quota for this unit has increased **90%** since 1991 from 5,800 metric tonnes to 11,050 tonnes in 1994! This is, quite simply, irresponsible, scientifically indefensible and in conflict with the basic principles of orderly development and conservation which are espoused in consecutive management plans. It was anticipated that a lesson was learned from the Northern Cod experience which would serve to minimize such uncalculated risk taking with the remaining healthy resources.

Secondly, the following comments are provided with respect to the by-catch of groundfish in the shrimp fishery and particularly Hawke Channel and 3K. The estimated incidental catch of 300,000 cod pre-recruits in Hawke Channel and an estimated 1,000,000 across this particular shrimp fishing area (based on previous harvest/TAC levels) does not bode well for the such species as Northern cod and Greenland Halibut which are in precariously fragile condition. Given the concern expressed by the FRCC and subsequent greater concern expressed by the Honourable Brian Tobin in his public announcement of the groundfish management plan on December 20, 1993, the potential threat presented by the recreational and incidental catch of Northern Cod dictates extreme caution should be exercised in all fisheries occurring in 2J and 3K. The current management plan and options for nordmore grate use clearly do not address this concern in a serious fashion. By Fisheries and Oceans own admission, the nordmore grate was used by only two vessels in 1993. This does not indicate a willingness by industry to prevent the by-catch of extremely vulnerable species such as Northern Cod. In this context, it is suggested that the TAC level for Hawke/3K be re-examined and mandatory nordmore grate use be a minimal requirement.

Further, as Fisheries and Oceans has demonstrated a GIS which clearly delineates distinct areas of excessive by-catch and permits the manipulation of data such that vessel captains can avoid such areas, by-catch should essentially be a non-issue at this juncture. It is suggested that conservation plans be devised with the benefit of this information and be implemented immediately.

Finally, given the optimistic forecast for SFA 6 as categorically stated during the NSAC meeting in Montreal, the irrefutable support of this optimism *vis a vis* recent ambitious TAC increases, and the decline of groundfish in the Newfoundland region, it is now time to address the Province of Newfoundland's longstanding position regarding the participation of Newfoundland inshore vessels in this fishery.

Yours sincerely,



David A. Vardy
Deputy Minister

Appendix B

Fisheries and Oceans Canada

News Release

NR-HQ-97-24E

April 23, 1997

MIFFLIN ANNOUNCES 57 PER CENT INCREASE FOR NORTHERN SHRIMP QUOTAS

ST. JOHN'S -- Fred Mifflin, Minister of Fisheries and Oceans, today announced a 57 per cent increase in the Total Allowable Catch (TAC) for northern shrimp, a move that will bring new jobs and millions of dollars to fishing communities. In making the announcement, he outlined the key elements of the 1997-1999 shrimp management plan.

The TAC will increase to 59,050 tonnes this year from 37,600 tonnes last year. Based on the average price per tonne for northern shrimp, the fishery will generate about \$75 million of additional revenue this year, bringing its total value to \$215 million.

The Minister also said the increase is made possible by the fact that shrimp is an abundant and growing resource, widely distributed in most areas of Newfoundland and Labrador, as outlined in the 1996 Stock Status Report. The catch in the shrimp fishery rose from 5,000 metric tonnes in 1985 to 30,000 metric tonnes in 1996.

The 1997 quota will increase in Shrimp Fishing Area (SFA) 2 by 50 per cent and in Areas 5 and 6 by 100 per cent. The current quota levels will remain in the other four areas.

"It is a great opportunity to take advantage of the available resource to create new jobs for inshore fishermen and onshore plant workers who are eager to be part of such a viable industry," said Mr. Mifflin.

Access to this expanded fishery will be governed by four fundamental principles worked out in consultation with the fishing industry:

- The conservation of the resource will be paramount.
- The viability of the existing enterprises will not be jeopardized. Current Northern Shrimp licence holders will retain their full 1996 allocation in all Shrimp Fishing Areas -- 37,600 tonnes. Existing license holders will share the increase in SFA 2 and some will share the increase in SFA 5.

.../2



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Canada

- There will be no permanent increase in harvesting capacity. Participation by new entrants will be temporary and will end for those SFA's where quotas decline in the future and the established thresholds are reached. The thresholds will be defined as the 1996 quotas in each of the six shrimp fishing areas.
- Adjacency will be respected, which means that those who live near the resource will have priority in fishing it.

"In regard to the allocation of increases in Shrimp Fishing Areas 5 and 6, which are situated off the shores of Labrador and Newfoundland, I have been guided by the long-standing principle of adjacency," the Minister said. "Those living closest to this stock will benefit from it."

The Department of Fisheries and Oceans will conduct a scientific survey in NAFO Division 3L to determine the abundance of shrimp. Due to the 3L moratorium, there will be no commercial fishing in this area in 1997.

The backgrounders related to this announcement are available on the automated Fax-On-Demand service of Fisheries and Oceans. They are immediately retrievable -- to users with a touchtone phone and a fax machine -- 24 hours a day, 7 days a week. To retrieve, dial **1-416-362-1447** and follow the voice prompts.

NUMBER	BACKGROUNDER
38	NORTHERN SHRIMP
39	ADJACENCY

FOR MORE INFORMATION:

Bonnie Mewdell Office of the Minister Fisheries and Oceans Ottawa (613) 992-3474	Ann Sicotte Media Relations Fisheries and Oceans Ottawa (613) 990-0211	Marcel Thérien Communications Laurentian Region Fisheries and Oceans (418) 648-7316
André-Marc Lanteigne Communications Maritimes Region Fisheries and Oceans (506) 851-7757	Bill Hickey Communications Newfoundland Region Fisheries and Oceans (709) 772-0410	

This news release and related backgrounders are available on our web site at <http://www.ncr.dfo.ca/Home.htm>

Background

B-HQ-97-24

NORTHERN SHRIMP

Total Allowable Catch (TAC)

Shrimp Fishing Area (SFA)	Total Allowable Catch (TAC)		Increase in TAC
	1996	1997	
SFA 0	500	500	0
SFA 1	8,500	8,500	0
SFA 2	3,500	5,250	1,750
SFA 3	1,200	1,200	0
SFA 4	5,200	5,200	0
SFA 5	7,650	15,300	7,650
SFA 6	11,050	23,100	12,050
Total	37,600	59,050	21,450

Sharing Principles

To determine how an increased total allowable catch (TAC) in the northern shrimp fishery should be allocated fairly, the Department of Fisheries and Oceans issued a call for industry views and proposals in November, 1996 on developing an appropriate sharing formula. Almost 160 submissions were received from individuals, groups, provinces and municipalities across Atlantic Canada. The proposals were reviewed at a public meeting held in St. John's in January.

Based on this input, sharing arrangements were developed using the following principles:

Conservation of the resource is paramount.

Viability of existing enterprises will not be jeopardized.

Current northern shrimp licence holders will retain 37,600 tonnes that was allocated to them in 1996. Where TAC exceeds 37,600 tonnes, temporary access will be given to new entrants.

Adjacency will be respected, which means that those who live near the resource will have priority in fishing it.

Priority will be given to increasing participation of aboriginal people in the established commercial fishery.

Priority access will be given to inshore vessels less than 65 feet in length. Access by midshore and offshore fleets will be considered for the more northerly fishing areas.

Existing licence holders will share some of the increased TAC (7,870 tonnes).

Employment will be maximized in both the harvesting and processing sectors where possible.

These principles will be applied to each Shrimp Fishing Area (SFA).

Sharing of Increase in TAC

SFA 2

Quota Recipient	1997 Quota (t)
Existing Licence Holders	1,750
Total (TAC)	1,750

SFA 5

Quota Recipient	1997 Quota (t)
Northern Coalition (Existing Licence Holders)	6,120
Inshore vessels (< 65')	1,530
Total (TAC)	7,650

SFA 6

Quota Recipient	1997 Quota (t)
Special Allocation - N. Peninsula	3,000
4R/4S fishers (north of 50° 30' N)	2,000
3L fishers	2,000
Resident SFA 6 fishers (< 65') South of 50° 30' N	3,000
Resident SFA 6 fishers (< 65') North of 50° 30' N	2,050
Total (TAC)	12,050

Management of Increase in TAC

The management of the increase in TAC for new entrants will be done by Local Management Boards in each area. The Boards will be represented on the Northern Shrimp Advisory Committee which is responsible for making recommendations on TAC levels and management measures.

APRIL 1997

Backgrounder

B-HQ-97-24

ADJACENCY

Certain fundamental principles underlie the sharing of the increase in the 1997 northern shrimp Total Allowable Catch (TAC). One of the most important principles is adjacency.

Put simply, adjacency is the principle that those who reside next to the resource or have traditionally fished in those waters should have priority access to it. This principle is used throughout the Canadian fisheries and is recognized internationally.

The principle is strongly supported by coastal communities and fishers. Therefore, it is not surprising when DFO asked the fishing industry what principles it thought should underlie the sharing of the 1997 Northern Shrimp TAC, close to 90 per cent of the 160 submissions recommended adjacency as a significant principle. Further consultations in St. John's confirmed this.

How will adjacency work in the 1997 northern shrimp fishery?

In 1997, the increase in the TAC -- 21,450 tonnes -- will be divided among existing licence holders and new entrants into the shrimp fishery largely on the basis of adjacency.

In Shrimp Fishing Area 5, the TAC will increase by 7,650 tonnes. Licence holders in the Northern Coalition, which represents user groups and Aboriginal interests residing in the area of L'Anse au Clair, Labrador through northern Quebec to Arctic Bay, Baffin Island, will receive 6,120 tonnes of the TAC increase. Aboriginals who reside in this area will share in this allocation. Inshore fishermen adjacent to area 5 will receive 1,530 tonnes.

In Shrimp Fishing Area 6, the TAC will rise by 12,050 tonnes.

A special allocation of 3,000 tonnes for the northern part of the Great Northern Peninsula which takes in communities from Goose Cove to Big Brook, has been granted.

Fishers in NAFO areas 4R and 4S will receive 2,000 tonnes and those in NAFO area 3L will also receive 2,000 tonnes because they are adjacent to Area 6 and have had access to the area. Those fishers who reside immediately adjacent to Area 6 will be allocated 5,050 tonnes, with 3,000 tonnes going to fishers south of 50° 30' N and the balance will be allocated to fishers north of 50° 30' N.

APRIL 1997

Appendix C



CANADA

House of Commons Debates

VOLUME 135 • NUMBER 227 • 1st SESSION • 36th PARLIAMENT

OFFICIAL REPORT
(HANSARD)

Wednesday, May 12, 1999

Speaker: The Honourable Gilbert Parent

Points of Order

• (1500)

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, the hon. member should be careful about using the term insanity.

We have to recognize that if a mortally wounded grey whale comes into Canadian waters, Canadians would want to have that animal humanely dispatched. That is a situation where I delegated my authority to the local fisheries officers so it could be done on the occasion that it occurs.

Let me repeat. There is no valid licence to any American group to kill a whale in Canadian waters, and I challenge him to table that piece of paper.

[Translation]

Mr. Yvan Bernier (Bonaventure—Gaspé—Îles-de-la-Madeleine—Pabok, BQ): Mr. Speaker, while the Minister of Fisheries and Oceans is spending millions of dollars to buy back groundfish permits, he is issuing new ones for crab and shrimp in Newfoundland, which means that there is a wholesale conversion of fishers from groundfish to shellfish.

How can the minister explain that he is stepping up shellfish capacity without even a study on the quantities available?

Hon. David Anderson (Minister of Fisheries and Oceans, Lib.): Mr. Speaker, according to departmental principles and policies, where there is an increase in the shrimp population in the northern zone, these shrimp are made available to fishers in contiguous fishing areas; if the fishers are further away and in another province, distant from that area, they do not get the TAC.

That is very clear, very simple, and the fishers are well aware of it.

* * *

[English]

DEVCO

Mr. Peter Mancini (Sydney—Victoria, NDP): Mr. Speaker, two weeks ago a delegation of miners' wives from Cape Breton came to Ottawa to seek assurances from the Minister of Natural Resources that he would review the inadequate package offered their husbands. He refused.

In good Cape Breton fashion they went to his boss. After meeting with the Prime Minister they reported that he assured the delegation he would sit the minister down and straighten him out.

My question is simple. Has the Prime Minister sat down the Minister of Natural Resources and told him to improve the Devco package?

Hon. Lyle Vanclief (Minister of Agriculture and Agri-Food, Lib.): Mr. Speaker, the minister has informed the House and Canadians a number of times that there is an adjustment package of \$111 million for workers. It is a fair severance package with early retirement.

A \$68 million economic development package has been made available, along with other programs of HRDC and ACOA to assist in the situation at Devco.

* * *

NATIONAL DEFENCE

Mr. Norman Doyle (St. John's East, PC): Mr. Speaker, let me go to the parliamentary secretary again. A national defence proposal to reduce and overhaul the combat role of Canada's reserves is a dramatic policy reversal which would virtually destroy the militia within a few years.

Will the parliamentary secretary be a little more clear? Surely he can indicate if such militia groups as the Royal Newfoundland Regiment are on the chopping block.

Mr. Robert Bertrand (Parliamentary Secretary to Minister of National Defence, Lib.): Mr. Speaker, I do not know how many times I can say this but the document they are referring to is just a working paper. It is not government policy; it is just a working paper.

The minister has the final say and we will have to await his decision.

* * *

PRESENCE IN GALLERY

The Speaker: I draw the attention of hon. members to the presence in the gallery of His Excellency Levon Mkrtyan, Minister of Education and Science, of the Republic of Armenia.

Some hon. members: Hear, hear.

* * *

• (1505)

POINTS OF ORDER

MINISTER OF FINANCE

Mrs. Diane Ablonczy (Calgary—Nose Hill, Ref.): Mr. Speaker, yesterday in Oral Question Period the finance minister wrongfully attributed to me a statement about health care spending. Worse, he called this misstatement a "fact".

It is crystal clear from *Hansard* that what I actually said was precisely the reverse of what was attributed to me by the finance minister, and I believe it would be in order for *Hansard* to be quoted accurately by—

Appendix D

Northern Shrimp (SFA7)

Page 1 of 1



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Northern Shrimp (SFA7)

March 2006

What is the 2006 TAC?

Based on latest scientific advice, during the 2005 meeting of the Northwest Atlantic Fisheries Organization (NAFO), the Total Allowable Catch (TAC) for shrimp fishing area (SFA) 7 was set at 22,000 tonnes (t). The Canadian share of the TAC is 83.3 per cent or 18,325 t. This is an increase for Canada of 7,492t from 2005.

How will it be shared?

There will be no special allocations of this increased TAC, rather it will be shared between existing inshore and offshore enterprises based on current sharing arrangements.

	2005 TAC	%	Increase	2006 TAC
Offshore License Holders	2,017	23.50%	1,761	3,778
Inshore	6,566	76.50%	5,731	12,297
TOTAL	8,583	100%	7,492	16,075
PEI Consortium	1,500			1,500
Conne River	750			750
GRAND TOTAL	10,833			18,325

The Department received 27 requests totaling over 52,000t for new access or increased allocations of this increase. Most requests were formally made to the Northern Shrimp Advisory Committee (NSAC) in December 2005. NSAC is the mechanism that the Department uses to discuss new proposals and update scientific advice or NAFO assessments.

What's next?

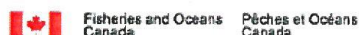
The Minister also announced that access in the other Northern shrimp fishery (Shrimp Fishing Areas [SFAs] 0 to 6) is being stabilized, subject to land claims, for the next four years (until 2010).

With access now stable in the Northern shrimp fishery (SFAs 0-7), over the next two years a key objective for the department will be to work with all interests to map out a way for this fishery to respond to future changes in abundance.

B-HQ-06-06E(e)

Date Modified: 2006-03-23

Appendix E



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Canada's New Government Announces A New Approach to Canadian Fisheries

April 12, 2007

St. John's – The Minister of Fisheries and Oceans, the Honourable Loyola Hearn, today announced a series of measures and investments to address current challenges facing Canadian fisheries. These steps are intended to improve the economic viability of the fishing industry in Canada.

"I have spent much of the last year talking with fishers and listening to their concerns about the challenges facing their industry," said Minister Hearn. "What I am announcing today is an initial set of initiatives designed to respond to these concerns from across the country."

Measures and Investments

The Minister announced a series of measures that will benefit the fishery across the country. They include:

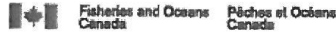
- An investment in Fisheries Science of \$61M over three years to broaden ecosystem-based science to more fish stocks and incorporate the data and knowledge in fisheries management decisions.
- In its first budget, Canada's New Government introduced a \$500,000 capital gains exemption for fishers, farmers and other small business owners. Budget 2007 expanded this amount to \$750,000.
- A reversal of the previous government's decision to collect administrative costs for log books, gear tags and the at-sea-observer program.
- A Licence Fee Review to examine the relative cost of licence fees in different fisheries across the country and increase fairness. It will examine the whole approach with regard to how the government assesses licence fees.
- A Fishery Sustainability Checklist will be used to evaluate Canada's fisheries and how the management and related programs support sustainability based on the guidelines used by ecolabelling certifiers. This process is intended to place Canadian industry in a better position to demonstrate the sustainability of their fish and seafood products and to help industry maintain and enhance Canada's market share.
- Human Resources and Social Development Canada will provide an additional \$500,000 to the Canadian Council for Professional Fish Harvesters to help the sector develop and implement a skills and training strategy for the Canadian fishery. This funding provides the Council with a platform from which they could contribute to advancing the Ocean to Plate approach within the industry. The Government is currently looking at other Oceans to Plate related funding proposals for this organization.

Measures for the Atlantic and Quebec

The Minister has been working with fishers to explore innovative ways to adapt to changing global market conditions and to encourage rationalization in the fishery. As each region's fishery is different, so too are the approaches for rationalization and restructuring that will be used.

In the Atlantic and Quebec regions, the Minister announced that it is his intention to work with fishers and stakeholders to bring permanence and stability to sharing arrangements by 2010. As well, the Department will undertake a study of the economic viability of the offshore Northern shrimp industry in Atlantic Canada.

Appendix F



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Renewing The Newfoundland and Labrador Fishing Industry

April 12, 2007

St. John's – Today the federal and provincial governments announced the outcome of the federal-provincial Fishing Industry Renewal Initiative by introducing measures that will fundamentally change the Newfoundland and Labrador fishery.

Following an extensive consultation process, the Honourable Loyola Hearn, Minister of Fisheries and Oceans, and the Honourable Tom Rideout, Minister of Fisheries and Aquaculture for the Government of Newfoundland and Labrador, announced a number of policy changes and new investments that will strengthen the province's fishing industry.

"When Canada's new government started this process in 2006, we knew that fundamental change was needed in the fishery," said Minister Hearn. "Here in Newfoundland, we completed one of the most thorough consultation processes we have ever undertaken. We listened, and we are making changes in fisheries policy that will fundamentally change the way the fishery in Newfoundland and Labrador operates at the same time our government is making significant financial investments in the industry." stated Minister Hearn.

"This announcement is certainly a key one for our fishing industry, as it sets out a new path toward a renewed, self-sustaining fishery for Newfoundland and Labrador," said Minister Rideout. "I am pleased to report that the provincial government is moving forward with a three year investment of \$15 million in direct funding, bringing our total renewal undertaking to an estimated \$140 million, to address the challenges in the industry."

Elements of the joint Renewal Strategy will be implemented by the federal and provincial governments according to their jurisdiction, however the initiatives work together to make the industry more economically viable and internationally competitive.

Federal Initiatives

The federal initiatives, including national policy changes, are

- fleet rationalization through new rules allowing combining of fishing enterprises;
- flexibility on vessel size through creation of three new vessel classes;
- elimination of cubic number (volume) restrictions in the former vessel replacement policy;
- conversion of temporary inshore shrimp permits to regular licences;
- changes to capital gains measures as announced in the federal budget that will mean potential savings of up to \$60 million in federal and provincial taxes over 5 years;
- enhancement of the Independence of the Inshore fleet with measures to eliminate trust agreements;
-
- improving fishers' ability to access financing through traditional lenders, such as banks, by facilitating the use of licences as collateral;
- a reversal of the previous government's decision to collect administration costs for the at-sea-observer program;
- An additional \$19.5M will be invested in federal fisheries science in Newfoundland over the next three years, including \$10.5M for research and stock assessment from new funding

- [Canada-Newfoundland and Labrador Fishing Industry Renewal Changes to DFO Vessel Replacement Policy](#)
- [Canada - Newfoundland and Labrador Fishing Industry Renewal - Fleet Self-Rationalization - Enterprise Combining](#)

-30-

FOR MORE INFORMATION:

Steve Outhouse
Director of Communications
Office of the Minister
Fisheries and Oceans Canada
Ottawa
613-992-3474
Internet: <http://www.dfo-mpo.gc.ca>
Jan Woodford
Regional Director, Communications
Fisheries and Oceans Canada
709-772-7622
Internet: <http://www.dfo-mpo.gc.ca>

Danny Pond
Communications
Department of Fisheries and Aquaculture
709-729-6076
dannypond@gov.nl.ca
Internet: <http://www.gov.nl.ca/>

NR-NL-07-12E

Date Modified: 2007-11-14

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Fisheries and Aquaculture
April 12, 2007

Renewing the Newfoundland and Labrador Fishing Industry

Today the federal and provincial governments announced the outcomes of the federal-provincial Fishing Industry Renewal Initiative by introducing measures that will fundamentally change the Newfoundland and Labrador fishery. Following an extensive consultation process, the Honourable Loyola Hearn, Minister of Fisheries and Oceans, and the Honourable Tom Rideout, Minister of Fisheries and Aquaculture for the Government of Newfoundland and Labrador, announced a number of policy changes and new investments that will strengthen the province's fishing industry.

"When we started this process in May 2006, we knew that fundamental change was needed. We completed one of the most thorough consultation processes we have ever undertaken, we listened, and we are making changes in fisheries policy that will fundamentally change the way the fishery in Newfoundland and Labrador operates at the same time our government is making significant financial investments in the industry," stated Minister Hearn.

"This announcement is certainly a key one for our fishing industry, as it sets out a new path toward a renewed, self-sustaining fishery for Newfoundland and Labrador," said Minister Rideout. "I am pleased to report that the provincial government is moving forward with a three year investment of \$15 million in direct funding, bringing our total renewal undertaking to an estimated \$140 million, to address the challenges in the industry."

Elements of the Renewal Strategy will be implemented by the federal and provincial governments according to their jurisdiction; however, the initiatives work together to make the industry more economically viable and internationally competitive.

Federal Initiatives

The federal initiatives, including national policy changes, are:

- Fleet rationalization through new rules allowing combining of fishing enterprises;
- Flexibility on vessel size through creation of three new vessel classes (core licence holders currently operating vessels less than 35 feet in length will be permitted to move to vessels up to 39' 11"; those operating vessels in the 35 to 65 ft range will be permitted to move to vessels up to 64' 11"; those operating in offshore waters up to 230 miles from shore will be permitted to move to up to 89' 11" in length.);
- Elimination of cubic number (volume) restrictions in the former vessel replacement policy;
- Conversion of temporary inshore shrimp permits to regular licences;
- Changes to capital gains measures as announced in the federal budget that will mean potential savings of up to \$60 million in provincial and federal taxes over 5 years;
- Enhancement of the independence of the inshore fleet with measures to eliminate trust agreements;
- Improving fishers' ability to access financing through traditional lenders, such as banks, by facilitating the use of licences as collateral;
- A reversal of the decision to collect administration costs for the at-sea-observer program;
- \$19.5M will be invested in fisheries science over the next three years, including \$10.5M for research and stock assessment from new funding announced in the recent federal budget; and \$9 million to keep the science vessel, the *CCGS Wilfred Templeman*, in service until the new

\$75M Canadian Coast Guard offshore science vessel comes on stream in Newfoundland and Labrador.

"This is about choice. These changes allow those who want to invest in their enterprise an opportunity to grow and enable those who wish to leave the industry an opportunity to leave on their own terms. Today, we have given fishers greater flexibility than ever before in determining their future and the ability to make decisions that allow them to adjust to ever changing market conditions" stated Minister Hearn.

"Many of the changes announced today are complex and we will work with fishers over the coming months and years to implement the initiatives. This is part of our commitment to an Ocean to Plate approach to management of the fishery and expansion of its economic value."

Provincial Initiatives

The provincial initiatives are:

- A Processing Policy Renewal Strategy that will allow the evolution of the industry to be achieved in a regionally balanced manner;
- An enhanced fisheries loan guarantee program to facilitate bank financing for those fishers wishing to take advantage of federal licensing policy changes. The maximum loan guarantee will be increased from \$1.3 million to \$2 million.
- \$3 million to enhance market research and promotion efforts over the next three years, including the creation of a Newfoundland and Labrador Seafood Marketing Council;
- \$6 million for fishing industry research and developmental work over the next three years. This will include work associated with the development of new species, new products, new markets and new techniques to harvest, handle, process and market our marine fish resources;
- \$1.5 million for a voluntary fish auction over three years;
- \$2.5 million for Fishing Industry Workforce Adjustment; and
- \$750,000 for Occupational Health and Safety initiatives over the next three years.

"These investments demonstrate this government's clear commitment to the provincial fishery and to rural Newfoundland and Labrador," said Minister Rideout. "While we are putting forward \$15 million directly for these renewal initiatives, our government is also funding 40 per cent of the new capital gains measures announced by the federal government, to the tune of an estimated \$25 million. In addition, the federal changes to harvesting policy mean that the provincial government is assuming an estimated \$100 million in liability under the loan guarantee program. These are very significant commitments and bring our total exposure to \$140 million."

"It is clear that we all envision a rational, self-sustaining and stable industry that can engage and attract younger workers, but at the same time can allow those having a long term attachment to the industry an opportunity to continue their careers to the extent possible over the next five to ten years," continued Minister Rideout. "We feel that the measures announced today will allow us to turn this vision into a reality."

Ministers Hearn and Rideout also noted that the outcomes of the renewal process include initiatives aimed to strengthen the harvesting, processing and marketing sectors. The ministers acknowledged that the implementation of these measures will form the basis of an integrated "Ocean to Plate" policy framework.

Backgrounders:

- [The Process](#)
- [Strengthening Processing Licensing Policy](#)
- [Enhanced Loan Guarantee Program](#)

- [Enhanced Seafood Marketing](#)
- [Technology and New Opportunities](#)
- [Implementation of Fish Auctions](#)
- [Fishing Industry Workforce Adjustment](#)
- [Occupational Health and Safety](#)
- [Fleet Self-Rationalization - Enterprise Combining](#)
- [Changes to DFO Vessel Replacement Policy](#)

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Media contacts:

Steve Outhouse
Director of Communications
Office of the Minister
Fisheries and Oceans Canada
Ottawa
613-992-3474
Internet: <http://www.dfo-mpo.gc.ca>

Danny Pond
Communications Specialist
Department of Fisheries and Aquaculture
709-729-6076
dannypond@gov.nl.ca
Internet: <http://www.gov.nl.ca/>

Jan Woodford
Regional Director, Communications
Fisheries and Oceans Canada
St. John's
709-772-7622
Internet: <http://www.dfo-mpo.gc.ca>

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Appendix G

Preserving the Independence of the Inshore Fleet in Canada's Atlantic Fisheries

INFORMATION NOTE

[PDF version](#)

In April 2007, the Department of Fisheries and Oceans (DFO) announced measures to Preserve the Independence of the Inshore Fleet in Canada's Atlantic Fisheries (PIIFCAF). These measures are designed to address the negative impacts of certain "trust agreements" on the proper management and control of the fisheries and how they circumvent various DFO licensing policies.

The PIIFCAF measures were adopted following extensive consultations with inshore fish harvesters, who have long requested that DFO take action to stop those fish harvesters who were circumventing licensing policies.

PIIFCAF aims to ensure the proper management and control of the inshore fishery in Atlantic Canada, and the conservation and sustainable use of the resource for future generations. It also aims to re-affirm the importance of maintaining an independent and economically viable inshore fleet in which the benefits of the licence stay with licence holders and provide social and economic benefits to Atlantic Canada's coastal communities.

THE DECLARATION

As part of the PIIFCAF measures, every core fish harvester received an information package including a Declaration which they were asked to complete to indicate whether or not they are involved in a "Controlling Agreement" (CA).

The existence of a CA will be considered by DFO when determining whether licence holders are Independent Core fish harvesters. If licence holders are in a CA that existed before April 12, 2007, they have seven years in which to terminate the agreement or make amendments to bring them in line with the PIIFCAF policy.

If licence holders state that they are not party to a CA in relation to any vessel-based fishing licence, and there are no valid reasons and supporting evidence to believe they submitted a false statement, the licence holders will be eligible to hold the Independent Core status. Independent Core fish harvesters will be eligible for all of the benefits previously granted to Core fish harvesters.

If licence holders state that they are a party to a CA in relation to any vessel-based fishing licence, DFO will require that the CA be terminated or amended to bring it in line with the PIIFCAF objectives by April 12, 2014. Licence holders in a CA will continue to be categorized as Core, but will not be eligible to be recommended as a new licence holder in a proposed licence "transfer".

If a fish harvester does not complete a Declaration by the deadline, he will not be eligible for category reclassification. In addition, no licensing transactions (renewal, tag issuance, "transfer", registration, etc.) will be processed until the fish harvester has filed a Declaration.

WHAT'S NEW?

Since PIIFCAF was announced, DFO has received questions from fish harvesters, processors, lawyers, accountants and others, requesting clarification on what defines "control" and "influence". It has become apparent that there is a need to clarify what is captured by the definition of a "controlling agreement".

To accommodate these requests for clarification, DFO has extended the deadline for the return of Declarations to March 31, 2008. Fish harvesters who have already filed Declarations, and do not wish to amend them based on these clarifications will have nothing more to do. Fish harvesters who wish to file an amended Declaration will be given that opportunity.

The majority of licence transfers will continue to be processed, as they have in the past, within 30 days. Formerly many requests for transfer were approved immediately; however, under the PIIFCAF policy this process may take two or three days. In the event a "transfer" requires more than 30 days, the fish harvester will be notified in writing.

The following is a non-exhaustive list of possible indicators that could result in a review of a declaration when a request for "transfer" is filed:

Actions that **will** trigger a review:

- **Declaration** by the licence holder of the existence of a "controlling agreement"
- Admission by the other party of a "controlling agreement"
- The Department is in possession of documents referring to a "controlling agreement"

Actions that may trigger a review:

- Licence fee has been paid by a party other than the licence holder or his/her wholly-owned corporation
- Licence documents are regularly requested by a party other than the licence holder.
- Another individual accompanying the licence holder to the Licensing Service Center requests policy and/or enforcement information.
- Vessel registered with DFO by licence holder but owned by another party.

DEFINITIONS

A Controlling Agreement (CA) is defined as an agreement between a licence holder and an individual or entity that permits someone other than the licence holder to control or influence the licence holder's decision to submit a request to DFO for a licence "transfer". The definition of a CA does not include agreements with recognized financial institutions which include: a) a Canadian financial institution as defined in the Bank Act; b) the Business Development Bank of Canada; c) a Provincial Loan Board: Fisheries Loan Guarantee Program (N&L); Direct Loans for Commercial Fishing Program (New Brunswick); Fisheries and Aquaculture Loan Board (Nova Scotia); P.E.I. Lending Agency (P.E.I.); Commercial Fishery Financing Program (Québec); Programme d'allègement temporaire du remboursement des prêts aux entreprises de la pêche (Québec).

Should a core fish harvester have an agreement with another funding organization, such as a community development board or community development organization, he/she is to contact his/her regional office to obtain more information on the process for determining whether such an agreement constitutes a Controlling Agreement (CA). Where an agreement with a community development board or community development organization is determined not to be a CA, the Notice and Acknowledgement procedure may be available to the licence holder and the board or organization.

Not every agreement involving a fishing licence falls within the definition of a CA under PIIFCAF. The key issue is to determine if the licence holder has full control over whether, or when they can request the issuance of a replacement licence, and to whom they want the replacement licence issued. In other words, is the licence holder free to independently decide to proceed with a request to DFO for a "transfer".

Flexibility

DFO is open to the possibility of industry proposing modifications to the Owner/Operator and Fleet Separation policies where they are reasonable. The goal is to avoid undue concentration of licences, and preserve and foster a diversified sector of viable, multi-species, independent inshore enterprises headed by eligible licence holders.

Financial Arrangements

Fish harvesters use many types of arrangements to secure financing. PIIFCAF was not designed to hinder the ability of these harvesters to raise capital. It was designed to preserve the independence of the inshore fleet, prevent the circumvention of existing policies, and curtail concentration of licence holdings in the hands of a few.

The following clarifications relate to some standard financial arrangements being presented to DFO.

1. Agreements between a fish harvester and a recognized financial institution are not considered to be CAs for the purpose of PIIFCAF. DFO is confident that the primary objective of these institutions is not to exercise any control in the fishery; rather it is to provide financial services.
2. Agreements involving co-signers on lending instruments may or may not be considered CAs for the purpose of PIIFCAF, depending on whether there is control or influence over how the licence is disposed.
3. Where a financial agreement purports to give somebody influence or control over the management of the fisheries, and decisions to request the "transfer" of a licence are controlled by a third party, it would likely be considered a CA for the purposes of the PIIFCAF policy.
4. A loan requiring payment upon licence "transfer" would not on its own constitute a CA for the purposes of the PIIFCAF policy unless there is a provision in the agreement that influences or controls the decisions to submit a request for a «transfer» of the licence.
5. A penalty clause in an agreement may or may not result in the agreement being considered a CA for the purpose of PIIFCAF. It depends on whether there is influence or control over the decision to submit a request for a «transfer» of the licence.
6. The use of designated or substitute operators alone would not necessarily make an agreement a CA for the purpose of PIIFCAF, however the use of substitute or designated operators is not intended to allow licence holders to contravene DFO policy, including PIIFCAF.
7. Powers of Attorney or Rights of First Refusal in relation to decisions regarding licences would be considered CAs for the purposes of PIIFCAF.
8. Supply agreements, where a lender loans money on the condition that fish harvesters land their product with the lender, is not a CA if the lender does not influence or control the licence holder's decision as to whether or when to apply for a licence "transfer" and whose name to recommend for the "transfer".

Family Arrangements

Arrangements between family members can vary from an informal and implied understanding to consult, to formally-instituted family fishing corporations.

DFO would not expect licence holders to make a decision related to a licence "transfer" without considering the affected members of their households. If the decision to "transfer" the licence ultimately rests with the licence holder, and that person is merely taking into account the opinion of others who may be affected by the decision, this is quite different from being "controlled" or "influenced".

In addition, a licence cannot be the subject of a loan, sale or bequest and it does not convey any property rights.

Corporations

When a licence holder is incorporated, agreements with the corporation would not be deemed CAs as long as the licence holder retains control over the major decisions related to the licence. In accordance with the Owner-Operator Policy, licences are issued only in the name of an individual fish harvester and not in the names of corporations (with the exception of those issued under the grandfather clause -- pre-1979 -- of the Owner-Operator Policy) until further consultations can be held with Industry.

Counsel

If you are unsure whether your agreement falls within the definition of a CA for the purposes of PIIFCAF, you should speak to a lawyer or financial advisor.

For more information about PIIFCAF contact:

Newfoundland Region: Your Local Area Licensing Administrator
Gulf Region: Your Local Area Licensing Administrator
Maritimes Region: 1-888-698-4555
Quebec Region: 1-418-648-5890 or your Area Office

Date Modified: 2008-07-22

Appendix H

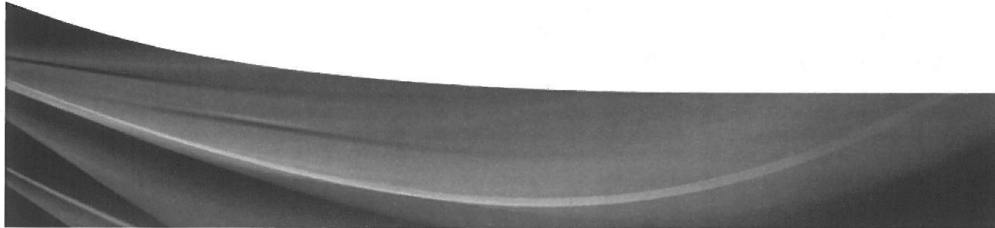
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Executive Council
Fisheries and Aquaculture
April 14, 2014



Standing United for the Fishery



All-Party Committee Formed to Address Issues with Federal Shrimp Quota Allocations

As part of the Provincial Government's response to the Federal Government's decision in relation to quota allocations for northern shrimp that will unfairly impact the province's inshore fleet, an all-party committee will be formed to ensure a strong, unified voice when advocating to the Federal Government for necessary change. The Honourable Tom Marshall, Premier of Newfoundland and Labrador, directed on Thursday, April 10, 2014, that an all-party committee be formed, which will engage all three of the province's political parties on this key issue.

"The Provincial Government has been strongly against the Federal Government's 'Last In, First Out' policy since 2010, as this policy forces inshore harvesters who became the newest entrants in the shrimp fishery in the 1990s to bear the brunt of quota cuts that are necessary to protect the stock. As this issue has serious implications for communities throughout Newfoundland and Labrador, it is important that all members of the provincial legislature join with industry stakeholders, the business community, and municipal leaders to seek a better outcome, and so I am very pleased to welcome the support of all parties in the House of Assembly."

- The Honourable Tom Marshall, Premier of Newfoundland and Labrador

Under direction of the Premier, the Honourable Darin King, Minister of Justice and Government House Leader, has contacted both opposition parties to invite their participation on the all-party committee. Additional details regarding the initial meeting, structure and make-up of the committee, and plans for moving forward with a united voice on behalf of inshore shrimp harvesters and plant workers, will be released later.

"The shrimp sector comprised more than 30 per cent of the landed value of the provincial fishery last year, which underlines the importance of this fishery to the economy of rural Newfoundland and Labrador, and the need for federal quota allocations to be fairly shared between the province's offshore and inshore fleets. I am pleased to see opposition parties joining with the Provincial Government in our advocacy, as this issue is too important to be politicized."

- The Honourable Keith Hutchings, Minister of Fisheries and Aquaculture

The Provincial Government's position has always been that any federal decisions regarding shrimp quotas should consider which harvesters are adjacent to the resource, be consistent with stabilized sharing arrangements established for other fisheries and avoid pitting one valued fleet sector against another. The quota allocation decisions recently made by the Federal Government do not consider economic impact on rural communities, and will affect more than 250 small boat enterprises in the inshore fleet sector, more than 2,200 plant workers, and businesses throughout the province that supply the industry.

Since April 2010, the Provincial Government has expressed its position on the "Last In, First Out" (LIFO) policy to the Federal Government through official correspondence, in meetings with federal representatives, and through formal presentations. Premier Marshall has also written the Federal Government and asked that quota allocations based on the LIFO policy be rescinded. The Provincial Government will continue to press for action on this issue through the all-party committee. Specifics regarding the composition of the all-party committee will be finalized in the coming days.

QUICK FACTS

- An all-party committee will be formed to address issues regarding federal shrimp quota allocations.
- The total landed value of shrimp harvested by the province's offshore and inshore sectors in 2013 was \$187 million.

- Federal shrimp quota reductions for this year includes a cut of approximately 20 per cent to Shrimp Fishing Area six; the inshore fleet had its allocation reduced by approximately 10,000 tonnes, and the offshore fleet allocations was reduced by approximately 1,000 tonnes.

- 30 -

Milly Brown
Director of Communications
Office of the Premier
709-729-3960
millybrown@gov.nl.ca

Tracey Boland
Press Secretary
Office of the Premier
709-729-4304, 697-3128
traceyboland@gov.nl.ca

Jason Card
Director of Communications
Department of Fisheries and Aquaculture
709-729-3733, 699-0470
jasoncard@gov.nl.ca

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Last Updated: April 14, 2014

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Appendix I

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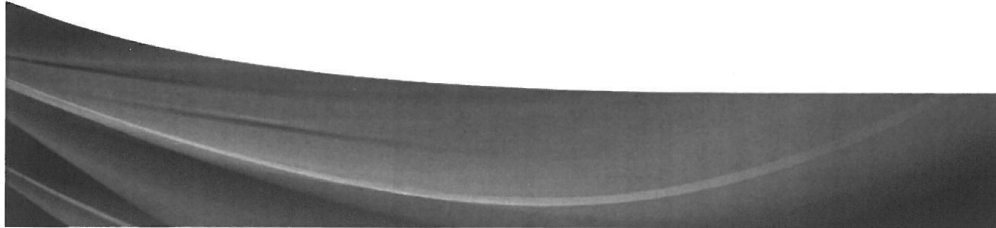
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Fisheries and Aquaculture

May 7, 2014



Protecting the Fishery and Rural Communities



All-Party Committee on Federal Shrimp Quota Allocations Demands Better Outcomes in Ottawa

The all-party committee on federal shrimp quota allocations delivered presentations this week to the House of Commons Standing Committee on Fisheries and Oceans, and to the Senate Standing Committee on Fisheries and Oceans, which conveyed the need to immediately rescind recent shrimp quota allocations by the Federal Government. The Honourable Keith Hutchings, Minister of Fisheries and Aquaculture and Chair of the All-Party Committee, was joined by Dwight Ball, Leader of the Official Opposition, and Lorraine Michael, Leader of the New Democratic Party, in making the presentations.

"The presentations delivered by the all-party committee will ensure Members of Parliament and Senators are fully aware of the tremendous negative impact that recent federal shrimp allocations will have. This will ensure debate on this issue in Ottawa is fully informed with our province's position, and creates the opportunity for the committees to engage the federal Minister of Fisheries and Oceans on this issue. The all-party committee made four recommendations to the committees when we presented, and we expect the committees to advance these recommendations to Minister Shea."

- The Honourable Keith Hutchings, Minister of Fisheries and Aquaculture

The four recommendations advanced by the all-party committee were:

1. To eliminate the "Last In, First Out" policy (LIFO) and establish a new sharing arrangement between the inshore and offshore through a process that is consistent with those applied to other fisheries;
2. To ensure that this new sharing arrangement considers adjacency and reflects the history of both fleets in the northern shrimp fishery;
3. To carry out an immediate, full scientific assessment on the northern shrimp resources, and that full assessments occur annually during this time of apparent resource decline; and,
4. To implement a plan to study the impact of climate change on the ecosystem and the northern shrimp resources.

"The status of northern shrimp resources off our coast is crucial. We need to ensure the fishery is properly managed to the benefit of Newfoundland and Labrador, while at the same time protecting the resource. Our province has now spoken as a single voice, backed by all three elected parties with the intention of convincing the Federal Government to rescind its decision on shrimp allocations. The first step must be to immediately eliminate LIFO and work with the province to establish a new sharing arrangement for northern shrimp stocks."

- Dwight Ball, Leader of the Official Opposition

The presentation delivered by the all-party committee was informed by consultations that the committee carried out with a variety of stakeholders in the provincial shrimp sector.

"It was an honour to be part of representing the people of Newfoundland and Labrador on the all-party committee. The points we made appeared to be heard by the members of the standing committees in Ottawa; I am cautiously optimistic that the federal government will see fit to reverse its decision so that this year's shrimp fishery can work more equitably for everyone."

- Lorraine Michael, Leader of the New Democratic

The province's inshore fleet is expected to commence shrimp harvesting activity later this month, subject to ice conditions.

QUICK FACTS

Appendix J

5/11/2016

Archived - Statement by the Honourable Gail Shea concerning Northern Shrimp - Canada News Centre



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News Release



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Archived - Statement by the Honourable Gail Shea concerning Northern Shrimp

Archived Content

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I was pleased to have the opportunity to meet with the All-Party Committee on Northern Shrimp while in St. John's.

I reiterated that the decision to reduce shrimp quotas was not an easy one, but one based on clear science and long-standing policies that have been clearly communicated to everyone in the industry for nearly two decades.

In-shore fleet members have received 90% of all increases to the shrimp quota since 1998, in exchange for the understanding that they would receive the majority of reductions if the stock decreased. This is exactly what has happened.

Challenges in the fishing industry have been well-known for some time. As part of our collaborative approach to working with the Government of Newfoundland and Labrador, our government introduced policy changes in 2007 to allow fish harvesters to operate in a more cost-efficient manner.

There was a commitment at that time from the Government of Newfoundland and Labrador to rationalize the processing sector. This would help limit the impact any quota reductions would have on outport communities overall. Seven years and three Premiers later, this still has not

happened.

We will continue to work collaboratively with industry and our provincial counterparts on science and other potential changes to strengthen the viability of the fishery.

However, the Last In, First Out policy will not be changed midstream.

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Date modified:

2014-07-22

Government of Canada activities and initiatives

Alberta Wildfires – Get the latest



Learn what you can do to help those in need, and keep up-to-date about the Government of Canada's response to wildfires in Alberta.

Canadian Content in Digital World



Appendix K

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Fisheries and Aquaculture
July 23, 2014



Protecting Rural Communities



Federal Stance on Northern Shrimp Allocations Threatens Provincial Economy

The Federal Government's unwillingness to consider alternatives to its "Last In, First Out" (LIFO) policy continues to threaten the economic well-being of rural communities that depend on northern shrimp. The Honourable Keith Hutchings, Minister of Fisheries and Aquaculture and Chair of the All-Party Committee, was joined by Dwight Ball, Leader of the Official Opposition, and Lorraine Michael, Leader of the New Democratic Party, in discussions yesterday with the Honourable Gail Shea, Minister of Fisheries and Oceans, but received no indication that the Federal Government would act on any of the committee's recommendations.

"The Federal Government's unwillingness to dialogue about how to share declining northern shrimp resources in a way that protects the economic interests of all those who depend on it has been very frustrating. The federal stance on this vital issue demonstrates a complete disregard for more than 100 communities in which inshore shrimp harvesters and plant workers reside. For a government that prides itself on economic stewardship, its performance in this matter has been shameful."

- The Honourable Keith Hutchings, Minister of Fisheries and Aquaculture

It took more than three months for Minister Shea to commit to meeting the all party committee. Immediately after the meeting, Minister Shea issued a statement that summarized the Federal Government's position and criticized the Provincial Government, indicating the outcome of the meeting had been predetermined. This statement included a number of inaccuracies that require correction. Minister Shea continues to claim that "In-shore fleet members have received 90 per cent of all increases to the shrimp quota since 1998," even though the facts presented to her by the committee prove this is untrue. The in-shore fleet received 90 per cent of all increases to the shrimp quota in area six only. There are eight fishing areas numbered "zero" to "seven," and the offshore fleet was the sole or principal beneficiary from substantial increases in most of those other fishing sectors – areas where the in-shore fleet has no access. The Federal Government's assertion that the inshore fleet has almost exclusively enjoyed increases to shrimp allocations is fiction.

"The lack of cooperation exhibited by the Federal Government on a more equitable sharing arrangement for our northern shrimp resources is abhorrent to sound judgment. The significance of having an all party committee advocate on behalf of plant workers and harvesters seems to have been lost on Minister Shea. It is evident that the Federal Government has very little concern for the impact that its decisions are having on the livelihood of inshore shrimp harvesters and the communities which will be impacted in our province."

- Dwight Ball, Leader of the Official Opposition

Minister Shea's assertion that the Provincial Government has not taken steps to support an industry-led rationalization of the fishery is also untrue, and is a sad reflection of the minister's lack of knowledge about this province's fishing industry. With respect to supporting rationalization in the harvesting sector, the Provincial Government's Fisheries Loan Guarantee Program has provided more than \$40 million to support vessel and licence combining by harvesters over the past two years alone, supporting significant consolidation of enterprises. In the processing sector, the Provincial Government has helped identify which provincial plants are viable and productive by establishing a policy that if a processing licence is not used in one of two consecutive years, it is permanently cancelled. Newfoundland and Labrador is the only province in Canada to have introduced such a policy. When plants have closed, the Provincial Government has provided support to displaced workers and their communities through its \$10 million investment in the Fish Plant Workers Employment Support Program. In 2007 there were 143 licensed plants in the province; in 2013 that number was reduced to 86, and in the shrimp sector, the number of plants has been reduced from 13 to 10. For its part, after a delay of four years, the Federal Government supported rationalization by encouraging harvesters to combine their inshore operations by providing tax incentives and

Appendix L

SFA 6 harvested inshore landing ports

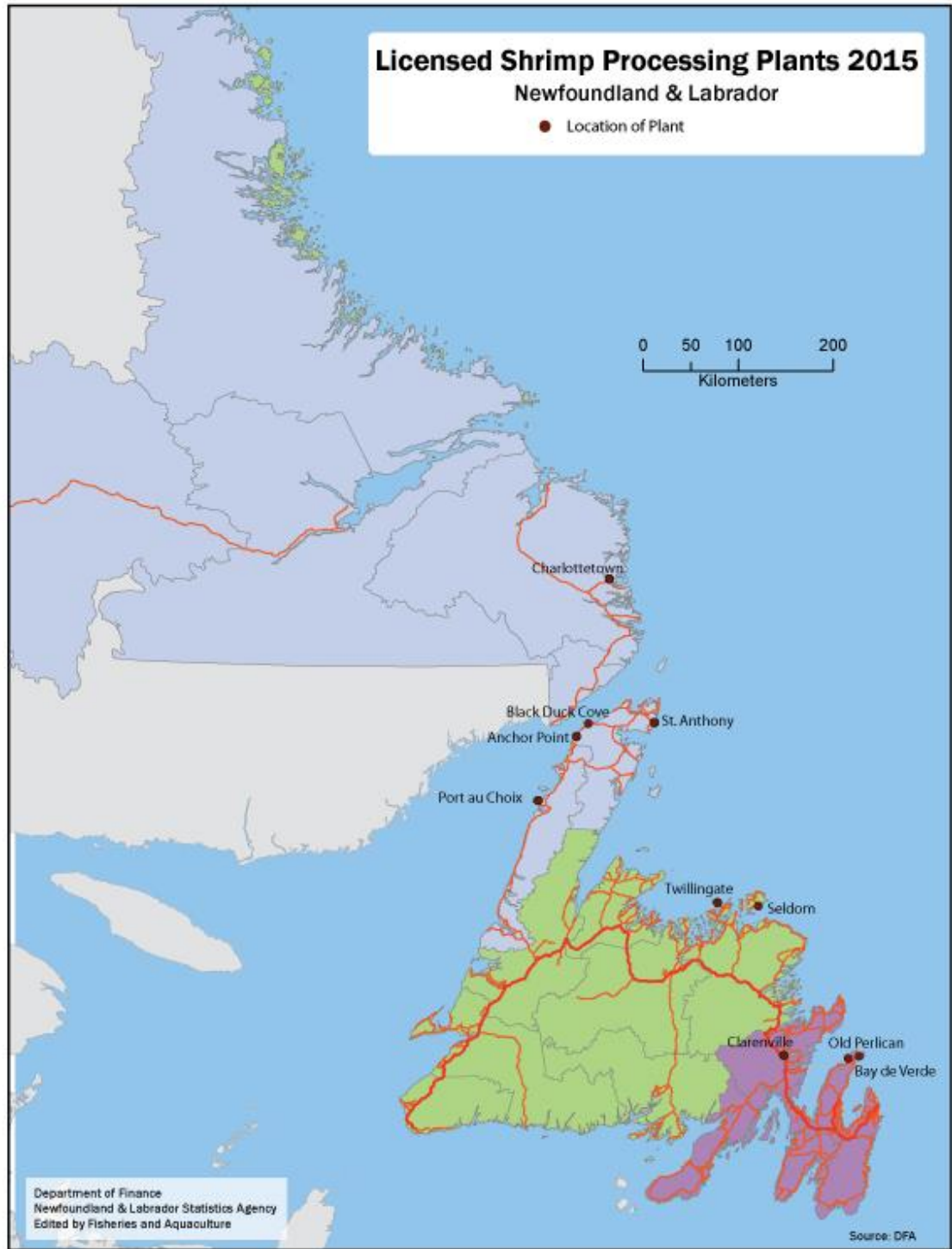
Port	2007	2008	2009	2010	2011	2012	2013	2014
St. Anthony	27,519,097	29,692,615	12,561,365	24,160,899	20,913,576	22,957,590	22,093,720	18,392,296
Twillingate	5,939,462	8,991,202	6,232,326	10,111,798	8,241,034	9,142,776	10,994,795	7,567,822
Charlottetown	9,107,664	9,025,038	9,021,509	7,539,588	7,160,988	7,547,357	7,796,339	6,149,641
Seldom	7,225,092	9,738,075	4,353,033	8,276,406	6,086,533	7,482,282	7,288,728	5,540,078
St. Lunaire	9,768,272	10,174,978	4,324,729	7,470,553	7,519,846	6,104,938	4,986,002	4,238,524
LaScie	5,752,954	5,713,392	3,947,183	4,180,616	4,117,987	6,290,727	5,377,294	5,667,618
Bay de Verde	6,065,883	7,828,158	2,675,633	3,468,541	2,806,585	5,064,878	4,622,658	2,365,462
Carmanville	4,606,334	6,018,580	3,052,627	3,062,884	4,183,712	4,077,394	4,117,879	3,513,990
Old Perlican	5,223,573	4,563,895	2,215,248	3,859,761	3,021,927	3,914,536	3,828,515	2,608,270
Cook's Harbour	4,519,082	5,410,016	1,381,069	3,433,332	2,850,015	2,953,363	2,539,296	2,272,330
Catalina	7,861,170	5,769,940	1,061,820	1,435,815	1,323,773	1,941,774	2,199,714	1,181,298
Port de Grave/Ship C	4,890,389	4,603,285	938,347	1,014,144	1,223,178	1,791,178	2,173,917	1,482,583
Port Union	7,443,639	6,679,904	1,776,287	1,666,114				
Valleyfield	67,052	1,445,417	605,444	1,270,719	1,488,091	2,014,298	2,650,176	2,177,925
Musgrave Harbour	859,301	886,496	461,059	857,341	1,019,076	1,262,728	1,370,067	1,187,599
St. John's	925,674	1,587,756	376,147	1,103,491	786,961	700,128	717,047	532,193
Lumsden	221,561	667,296	349,802	811,593	813,258	1,268,528	1,137,142	1,043,110
Cupids	1,214,695	1,123,933	216,253	262,740	457,233	266,645	118,674	
Fogo	259,110	153,982	96,242	409,966	112,017	813,184	446,206	37,938
Joe Batt's Arm	86,327	95,815	215,071	579,320	372,860	309,759	346,867	200,913
Bonavista		4,179			660,471	167,494	380,514	388,294
Black Duck Cove	682,138	180,650	106,290	187,278	138,039	19,233		244,096
Hant's Hr.	150,496	289,480	97,019		160,663	31,304	126,759	100,267
Triton				685,070		61,697		
Bridgeport								657,011
Englee	159,712	270,547		170,413				
Port Saunders	124,942	94,918	29,989		48,393		114,893	125,269
Port au Choix	150,537	54,441	12,009				15,670	123,705
Harbour Grace	194,647	141,253				4,447		9,110
Wesleyville		49,927		187,921	102,554			
Fleur de Lys	189,482				120,070			
Salvage	57,253				109,921	59,790		
Herring Neck		16,127		117,462				
Anchor Point					3,228		68,370	
St. Josephs			70,276					
Jackson's Arm				36,772	30,361			
Mary's Harbour			19,875		46,101			
Goose Cove	59,831							
Carboncar	53,752							
St Lewis	5,275	51,231						
Lanse au Loup						38,162		
Comfort Cove		28,207						
Fermeuse		7,606						
Flowers Cove			5,157					
Cottlesville	3,816							
Happy Adventure						1,753		
Annual Landings (lbs)	111,388,212	121,358,339	56,201,809	86,360,537	75,918,451	86,287,943	85,511,242	67,807,342
Annual Landings (MT)	50,525	55,047	25,493	39,173	34,436	39,140	38,787	30,757
Inshore SFA6 Quota (MT)	52,599	59,613	59,613	41,529	35,459	41,293	41,293	31,637

Note: Inshore quota totals for 2007, 2008 and 2009 do not include 4000 MT allocated to Inshore aff. cod fishers (N Peninsula and LNS).

Table 1

Source: Pisces report, latest data available from DFO.

Appendix M



Appendix N

This discussion of who benefits from the shrimp fishery is based on certain facts and economic terms that have definitions. It is important to understand these definitions if one is to truly understand the conclusions being made about these facts and figures. Gross Domestic Product (GDP) speaks to where the value has been added, in terms of a geographical space or entity like Newfoundland and Labrador. It does not provide details regarding who benefits from that wealth generation, only where it occurred. Indicators such as labour income and employment speak to who benefits and where the benefactors are located (i.e., which province or territory), therefore it is better to examine these indicators to understand who benefits from a particular industry.

Pisces Consulting Limited prepared a base case model using 2013 as the base year in order to calculate impacts of quota reductions on the inshore and offshore sectors under three different scenarios including: Model 1 - LIFO maintained, Model 2 - Inshore % Maintained, and Model 3 - a Balanced Approach (Pisces Consulting Limited, 2015). The Base Case was used as a representative base case for industry against which possible impacts of quota cuts were measured.

As with any impact analyses, price changes (raw material and market) can have major impacts on the GDP outcomes. For example, the Department of Finance ran various estimates for 2013 onshore processing GDP based on three different market prices for cooked and peeled shrimp. The results for GDP impacts for the processing sector changed significantly. Changing the cooked and peeled market price by 20 percent (from \$3.56 to \$4.27) resulted in a doubling of GDP for the onshore processing sector and also increased total GDP by 37 percent for the inshore sector. However, if the price used for cooked and peeled shrimp was \$5.19 per pound (Urner Barry 2013 reported price), the GDP impact per tonne is an additional \$500 for the inshore sector compared to the offshore sector.

In the Department of Finance's economic analysis, significantly higher prices are used to calculate Nominal GDP (see table below). Higher cooked and peeled shrimp market prices increased overall inshore GDP significantly, producing higher GDP per tonne estimates for the inshore sector relative to the offshore sector. Given the significant changes in both landed prices to inshore harvesters, and to prices of cooked and peeled shrimp for the inshore sector compared to the change in shell-on shrimp prices, it is not surprising that the GDP per tonne impacts are much higher for the inshore sector in 2015 compared with the offshore sector (see table below).

	Pisces Consulting Limited	Department of Finance	Percent Change
	2013	2015	
Inshore Harvesting Price (landed price per pound)	\$0.60	\$1.58	163%
Market Price per Pound for Cooked and Peeled Shrimp	\$3.56	\$8.25	132%
Offshore Price for Shell-on Shrimp per Pound	\$1.68	\$2.40	43%

Source of 2015 data from DFO and Gemba Seafood Consulting and Canada UK Partners.

The key assumptions used by the Department of Finance to estimate the economic impacts to the provincial economy in 2015 are outlined below:

Key Inshore Harvesting Assumptions

Active Vessels	220
Number of Harvesters	1,200
Landings 2015 (t)	35,877
Average Price per lb	1.58
Landed Value 2015	\$ 124,639,232
Pounds per Vessel	359,520
Average Weeks Worked per vessel	9.0
Crew Labour Share of Revenue	40.0%

Key Assumptions for Onshore Processing Associated with Inshore Landings

Number of Plants 2015	10
Production Volume 2015 (kg)	11,782,036
Number of Processing Hours	784,644
Wage Rate in Processing Plants (\$/hr)	14.28
Average Market Price 2015 \$CA	\$ 8.25

Key Offshore Harvesting Assumptions

Number of Licenses	17
Number of Active Vessels	8
Number of Harvesters	430
Landings by Active Vessels 2015 (t)	37,249
Market Value of 2015 Landings	\$ 202,162,805
Crew Share 2014	24%

Source: Gemba Seafood Consulting and Canada UK Partners for market price.

For any additional information, please contact the Newfoundland and Labrador Department of Finance.

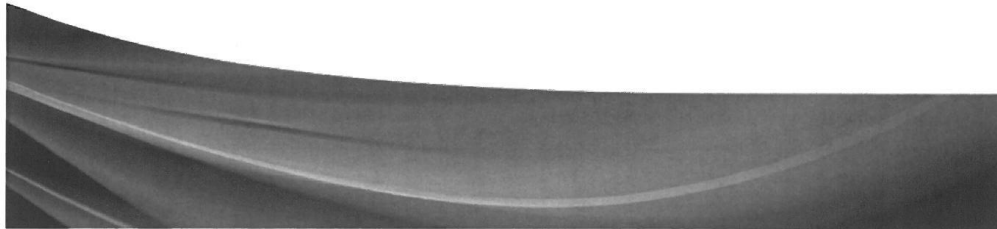
Appendix O

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Fisheries and Aquaculture
February 29, 2016

Standing Together for the Northern Shrimp Fishery



All-party Committee on Northern Shrimp Allocations to Reconvene

Newfoundland and Labrador's All-Party Committee on Northern Shrimp Allocations will reconvene to discuss next steps in response to a new science report from the Federal Department of Fisheries and Oceans (DFO) that indicates a significant reduction in the Northern shrimp stock in SFA 6 over the past year. Based on these reports, the Federal Government's "last in, first out" (LIFO) policy relating to Northern Shrimp allocation decisions will continue to have a devastating effect on the province's economy, particularly in rural regions.

"I have reconvened the all-party committee as this is an urgent matter that demands a unified provincial voice. There is a general consensus throughout Newfoundland and Labrador that decisions regarding shrimp allocations should reflect the principle of adjacency and respect the value of both the inshore and offshore fleet sectors; LIFO does neither of these things. At our first meeting, provincial officials will bring committee members up to speed on the implications of the latest science so we can form our approach to re-engaging the Federal Government on this critical issue."

- *The Honourable Steve Crocker, Minister of Fisheries and Aquaculture.*

Membership on the committee has been revised as a result of the recent provincial election and now includes:

- The Honourable Steve Crocker, Minister of Fisheries and Aquaculture and MHA for Carbonear - Trinity-Bay de Verde (Chair)
- The Honourable Christopher Mitchelmore, Minister of Business, Tourism, Culture and Rural Development and MHA for St. Barbe - L'Anse aux Meadows
- Pam Parsons, MHA for Harbour Grace - Port de Grave
- Derrick Bragg MHA for Fogo Island - Cape Freels
- Kevin Parsons, MHA for Cape St. Francis
- Keith Hutchings, MHA for Ferryland
- Lorraine Michael, Parliamentary Leader of the New Democratic Party and MHA for St. John's East - Quidi Vidi

Continued application of the LIFO policy, in the face of a declining shrimp resource, would have major negative impacts on many rural communities.

"We look forward to working with our colleagues to pressure the Federal Government to develop fishery policy that recognizes responsible fishery management while supporting the economic benefits of both the inshore and offshore shrimp fishery. DFO's fishery science requires increased investment which must begin immediately. No fishery science data can be ignored; we must manage our fishery resources to ensure maximum opportunity for our coastal communities for today and generations to come. We must ensure that debate on this issue is fully informed in Ottawa and move beyond the current LIFO policy to a direction that ensures that both industries can continue to operate within a balanced and well researched fishery management plan."

- *Paul Davis, Leader of the Official Opposition and MHA for Topsail - Paradise*

The all-party committee will be meeting today (Monday, February 29) to discuss next steps in response to this serious matter impacting people and communities in all regions of the province.

"A dramatic downturn in the inshore shrimp fishery would be devastating to fish harvesters, plant workers and rural communities. The first step in lessening the impact is to abolish the LIFO policy. I look forward to working with my colleagues to hold the Federal Government to their election commitment to re-examine the policy."

- *Lorraine Michael, Parliamentary Leader of the New Democratic Party and MHA for St. John's East - Quidi Vidi*

A socio-economic review of the inshore shrimp sector was presented to DFO last year. The review provides compelling information to illustrate the devastating impacts of LIFO policy to Newfoundland and Labrador's economy and its communities. The report is available at: [www.fishaq.gov.nl.ca/publications/pdf/Socio Economic Impacts of Shrimp Quota Reductions.pdf](http://www.fishaq.gov.nl.ca/publications/pdf/Socio_Economic_Impacts_of_Shrimp_Quota_Reductions.pdf)

QUICK FACTS

- The All-Party Committee on Northern Shrimp Allocations will reconvene in response to a new science report that indicates a significant reduction in the Northern shrimp stock in SFA 6 over the past year.
- Based on these reports, the Federal Government's LIFO policy relating to Northern Shrimp allocation decisions will have a devastating effect on the provincial inshore shrimp sector.
- The all-party committee will be meeting today to discuss next steps in response to this serious matter impacting people and communities in all regions of the province.
- A socio-economic review of the inshore shrimp sector that illustrates the devastating impacts of LIFO policy on Newfoundland and Labrador's economy and its communities is available at: [www.fishaq.gov.nl.ca/publications/pdf/Socio Economic Impacts of Shrimp Quota Reductions.pdf](http://www.fishaq.gov.nl.ca/publications/pdf/Socio_Economic_Impacts_of_Shrimp_Quota_Reductions.pdf)

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Media contacts:

Roger Scaplen Director of Communications Department of Fisheries and Aquaculture 709-729-3733, 697-5267 rogerscaplen@gov.nl.ca	Heather MacLean Director of Communications Office of the Official Opposition 709-729 6105, 725-5204 heathermaclean@gov.nl.ca
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Jean Graham
Director of Communications
New Democratic Party Caucus Office
709-729-2137, 709-693-9172
jeangraham@gov.nl.ca

2016 02 29

4:00 p.m.

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Appendix P

Fisheries and Oceans Canada

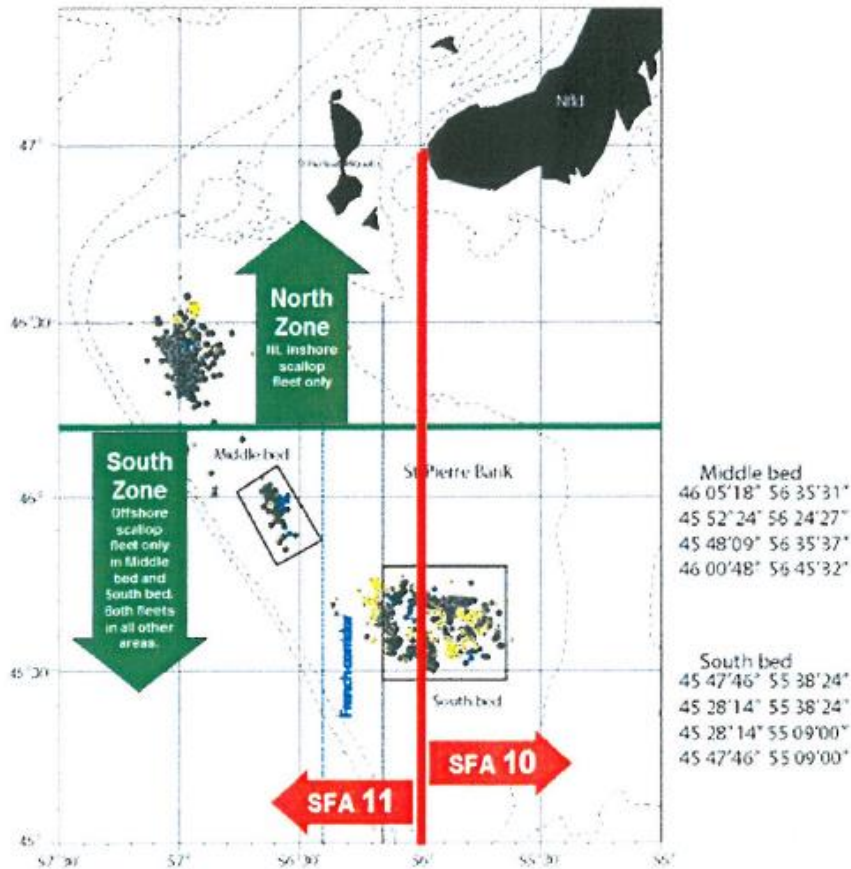
Backgrounder

B-HQ-06-16(a)

Allocation of 3Ps Scallop Fishery

Fisheries and Oceans Canada (DFO) will implement fleet separation for the 2006 3Ps Sea scallop fishery. To achieve this, the Newfoundland and Labrador (NL) inshore fleet will have access to sea scallops on the north bed and to Iceland scallops anywhere in 3Ps, with the exception of two areas. These two areas, on the middle and south beds, will be designated for Sea scallop fishing by the offshore fleet only. The offshore fleet will also have access to all scallops south of the north bed in Scallop Fishing Area (SFA) 11 and in all of SFA 10.

Please see map below with coordinates.



.../2



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The Total Allowable Catch for Sea scallops will remain at 300 tonnes (meat weight), with 195 tonnes (65%) allocated to the offshore fleet and 105 tonnes (35%) to the NL inshore fleet. As for Iceland scallops, the TAC remains the same as in 2005 at 307 tonnes (meat weight), except that there will be an increase in the quota in the Canada-France Transboundary (CORE) Zone where the Canadian allocation will go from 3.2 tonnes (meat weight) to 53.8 tonnes (meat weight). This quota will be allocated to the NL inshore fleet.

DFO will also be monitoring gear placement in the whelk fishery and will seek to minimize gear conflict.

JUNE 2006

Appendix Q

#3



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THIBAUT ANNOUNCES CONVERSION OF SNOW CRAB TEMPORARY PERMITS TO LICENCES

Forms

Salmon Angling

St. John's-- The Honourable Robert G. Thibault, Minister of Fisheries and Oceans, today announced that temporary seasonal permits for snow crab will be converted to regular licences for fish harvesters in Newfoundland and Labrador in 2003.

"For some time now fishers in Newfoundland and Labrador have asked me to allow conversion of permits to licences and in late 2002, the Fisheries Food and Allied Workers (FFAW) submitted a proposal to the Department on their behalf. My Department responded with a counter proposal that included all elements of the FFAW proposal and an additional option that allows fishers greater flexibility in managing their own businesses. I am very pleased that FFAW members have accepted the DFO proposal and that we can now move to convert temporary seasonal crab permits to licences."

A key component of the FFAW proposal is the 'buddy-up' option, which is already available to some harvesters. A 'buddy-up' arrangement allows two licence holders to form a temporary partnership and fish two Individual Quotas (IQs) from a single vessel. The option added by the Department is that fishers can, on a voluntary basis, permanently combine crab licences and IQs within the same crab area.

"I acknowledge the concern that some in the industry have with the idea of combining licences. The policy will be in place by December 2004, so over the coming months the Department will work closely with fishers to address these concerns, including identifying safeguards to protect the owner/operator policy and developing criteria that will limit concentration of ownership," said Minister Thibault.

"We all recognize that the snow crab fishery is vulnerable to cyclical changes in resources and prices. The options of buddy-up and combining will allow fishers to decide for themselves the appropriate balance between harvesting capacity and the available resource. DFO's role is to provide the tools for fishers to achieve their goals, and through this process, we will share stewardship of the resource in a very real way."

"We all recognize that the snow crab fishery is vulnerable to cyclical changes in resources and prices. The options of buddy-up and combining will allow fishers to decide for themselves the appropriate balance between harvesting capacity and the available resource. DFO's role is to provide the tools for fishers to achieve their goals, and through this process, we will share stewardship of the resource in a very real way."

Conversion of permits to licences will take place in time for the start of the 2003 crab fishery. Licences will be issued to fishers who held a temporary crab permit in any of the last three years (2000, 2001, or 2002).

Other details, including licence transfer conditions and appeal processes will be developed in collaboration with fishers.

FOR MORE INFORMATION CONTACT

Jan Woodford Regional Director
Communications
Fisheries and Oceans Canada
St. John's
(709) 772-7622

Caroline Quinn
Director of Communications
Office of the Minister
Fisheries and Oceans Canada
Ottawa
(613) 992-3474

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