

Mr. Paul Sprout
Chair of the LIFO Panel

Attached is a copy of the presentation which I made to your panel yesterday on behalf of the Fisheries Community Alliance (FCA).

I note that your mandate extends to fishery management issues other than the LIFO policy. Given this I am attaching a paper which the FCA prepared for Dwight Ball when he was leader of the Opposition in the Government of Newfoundland and Labrador. I think you will find it helpful.

I am confident that your panel in reporting to the Minister and Canadians will live up to Prime Minister Trudeau's wishes, which are articulated in Minister Tootoo's mandate letter as follows: "If we are to tackle the real challenges we face as a country – from a struggling middle class to the threat of climate change – Canadians need to have faith in their government's honesty and willingness to listen. I expect that our work will be informed by performance measurement, evidence, and feedback from Canadians. **We will direct our resources to those initiatives that are having the greatest, positive impact on the lives of Canadians,** and that will allow us to meet our commitments to them. I expect you to report regularly on your progress toward fulfilling our commitments and to help develop effective measures that assess the impact of the organizations for which you are answerable."

Thank you for giving us the opportunity to share our thoughts with you and the panel members.

Winston Fiander
Fisheries Community Alliance of NL

Last In First Out (LIFO) Policy on Shrimp

I am Winston Fiander, a retired federal public servant and a member of the Fisheries Community Alliance, a small group of individuals who have decades of

experience in dealing with fishery management at senior levels in the private and public sectors . My interest in the fishery stems from fishing on my father's schooner as a young man, later on in life serving as an advisor in the office of the Deputy Minister Department of Fisheries and Oceans to assist in the formation of the newly created department of fisheries, and subsequently working with the Treasury Board Secretariat of Canada, where I dealt with DFO as a client department.

I want to begin this presentation by saying that I do not believe that a Ministerial Advisory Panel is an appropriate way to decide who will benefit from the ocean resources adjacent to the coastal communities of Newfoundland and Labrador. I mean no disrespect to panel members when I say that, but I am none-the-less convinced of this for a number of reasons.

First, , decision making regarding the harvesting of the resources adjacent to our shores is centralized in Ottawa. This is dysfunctional. Communities, whose very existence is based on the fishery, and whose social, cultural, and economic well being has been and will remain centered on the fishery, are disenfranchised and have no voice in the fishery management process. The federal Minister of Fisheries is given unfettered authority to manage our fishery. No other resource is managed this way in Canada or elsewhere except maybe in totalitarian regimes around the world. Peter Drucker, a world renown management guru, holds that effective and successful decision making authority must be delegated to those closest to the activities being managed. He would clearly conclude that the most appropriate way to manage the inshore fishery would be to delegate the authority to do so to the communities themselves. The people of our coastal communities fished and managed successfully the resources adjacent to our shores for some 5 centuries before we gave it over to Ottawa under confederation.

Second the inshore sector was not in fact the "last in" but were the first to develop the shrimp industry in N&L. Gus Etchegary, retired CEO of Fisheries Products, recalls that in 1965 FP Ltd, together with fishermen in the Port Aux

Choix area, harvested and processed the first ever shrimp product. He sees the present crop of FFTs as in fact the newcomers to the industry and in reality the "last-in".

Third, when the first licenses were issued for northern shrimp in 1978, the inshore sector was not even given the opportunity to apply; moreover, they made repeated proposals to do so subsequently but were denied.

Finally, the origins and legitimacy of the LIFO policy itself is murky. How was the policy established? Who authorized the policy? What Minister signed it?

In any case, you have been tasked with advising the Minister on whether LIFO should be continued, modified or abolished. In my opinion, LIFO is about the equitable distribution of the benefits we derive from the harvest of a common property resource. The shrimp in area 6 are owned by all of us and you as members of the Ministerial Advisory Panel are being called on to recommend how the benefits from that resource are to be distributed. There are really two fundamental choices. Do we want the owners of the Factory Freezers Trawlers, which are large corporate entities with various unspecified international interests, to be the principal beneficiaries and be satisfied with whatever benefits trickle down to us through government fees and taxes? Or should the locally owned small enterprises of our inshore fleet be the principal beneficiaries and empowered to generate wealth and jobs that will sustain for generations to come the communities they fish from?

The Canadian Association of Prawn Producers (CAPP) would have you believe that FFTs should have priority access to our shrimp resources and LIFO is an iron clad, unchangeable commitment to favour that access in-perpetuity. Their claim is irrelevant. Policies such as LIFO, are made by governments to suit their political wishes and the circumstances they are dealing with at a given point in time. To govern effectively governments must have the flexibility to introduce new policies or adjust existing policies to make them consistent with the prerogatives of the day and the party in power. There is no obligation for a new government to adopt the policies of the previous government. Otherwise the legitimate powers of a new government to carry out the will of the people is fettered and democracy

itself is undermined. The new Liberal government is not obligated to maintain LIFO regardless of who signed on to it and when.

CAPP also claims that LIFO has a long history of support by a number of administrations. But Romeo LeBlanc expressed a very different policy when debating the Law of the Sea in the House of Commons in 1979. He said "It was in the name of the small coastal communities and the small fishermen who could not compete with the foreign fishing fleets that we (Canada) argued successfully with the rest of the world that Canada should manage the 200 mile zone".

In fact in our opinion, Prime Minister Trudeau in his mandate letter to the DFO Minister makes it clear that maintaining LIFO would be contrary to his government's wishes and the wishes of those who elected him. In the mandate letter to Minister Tootoo , the PM said the following:

1. "We have promised Canadians a government that will bring **real change** – in both what we do and how we do it. Canadians sent a clear message in this election, and our platform offered a new, ambitious plan for a strong and growing middle class. Canadians expect us to fulfill our commitments, and it is my expectation that you will do your part in delivering on those promises to Canadians."
2. " We committed to **provide more direct help to those who need it by giving less to those who do not.** We committed to public investment as the best way to spur economic growth, job creation, and **broad-based prosperity.** I expect Canadians to hold us accountable for delivering on these commitments, and I expect all ministers to do their part – individually and collectively – **to improve economic opportunity and security for Canadians.**"
3. "Improved partnerships with provincial, territorial, and **municipal** governments are essential to deliver the real, positive change that we promised Canadians."

The Association of Prawn Producers (CAPP) has been engaged in a misinformation campaign about the benefits that flow from the offshore fishing effort of FFTs. In fact, their TV commercial "We Fish For NL" is both patronizing and deceptive. Here are a few of their misleading statements:

1. "The offshore shrimp fishery employs hundreds of Newfoundlanders and Labradorians on their vessels, with year round, high paying jobs."

This would lead one to believe that shrimp fishing in area 6 provides year round high paying jobs for hundreds of NLers. But CAPP is well aware that FFTs fish for shrimp only periodically in area 6 and switch to other areas and other species in response to resource availability, seasonal changes, and government regulations.

2. Restricting offshore vessels access to area 6 would "replace good-paying, year-round jobs with seasonal harvesting employment that currently averages 34 days annually for shrimp".

CAPP is erroneously claiming that the inshore fleet fish exclusively for shrimp, but CAPP knows full well that the inshore fleet is a multispecies fleet and does not shut down after 34 days work, when shrimp quotas are caught, but moves on to other species.

3. "GDP and labour income contribution to the NL economy per ton of shrimp quota is 24% higher than seasonal inshore shrimp harvesters and processors combined".

This is clearly economic theory that ignores the reality of the jobs and economic benefits that flow to our communities from boat building, boat maintenance and servicing, crewing, processing, and the spin-off jobs generated by the inshore shrimp fishery.

3. Corporate entities have "invested hundreds of millions of dollars to develop this fishery since the 1970s; current replacement value \$600 million."

\$600 million is a pittance compared to the billions of dollars invested by the Federal, Provincial and Municipal governments in roads, water and sewer, wharves, health services, education services, etc. to meet the needs of those engaged in the inshore fishery. In addition to public financing, private sector interests have millions invested in the shrimp fishing enterprises based in our coastal communities.

Conclusion

Newfoundland is facing serious economic challenges. We have yet to recover from the economic and social impacts of the cod moratorium and other setbacks such as the break-up and shut down of FPI processing and marketing capacity. The consequences of the recent buy out of Quin Sea by a Danish crown corporation and the relinquishing of MPRs through CETA are as yet unknowns. We are now wrestling with a serious economic crunch from the collapse of oil prices and the prospects of serious cost over-runs for a multi-billion dollar hydro project.

Excluding our inshore fleets from shrimp fishing in area 6 would be a huge blow to our economic well being and a tipping point. Numerous coastal communities would be put in dire financial straits with some forced to shut down all together. The social and economic costs would be incalculable. Governments at the Federal and Provincial levels would need to spend billions to address the social and economic upheavals. It would without a doubt launch yet another nightmare for many communities and lead to the loss of a way of life that has evolved over the centuries of our existence.

Recommendation

We propose abolition of LIFO and giving inshore enterprises, which operate from our coastal communities, exclusive access to the resources on their doorstep in SFA 6. This would be a win-win solution. It would offer NL **communities** an opportunity to be the principal beneficiary of the ocean resources in their adjacent waters and it would **give the Minister the opportunity to meet the PM's wish** to "improve partnership" with the "municipal governments" of the area, "deliver real positive change" and "improve economic opportunity and security for Canadians" in our coastal communities.

Prepared by
Winston Fiander
Fisheries Community Alliance
wfiander@nl.rogers.com
709-895-6578
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FISHERIES POLICY CONSIDERATIONS

FOR DISCUSSION PURPOSES ONLY

FINAL DRAFT

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Prepared by

The Fisheries Community Alliance

INTRODUCTION:

THE PURPOSE OF THIS FISHERIES POLICY FRAMEWORK IS TO HIGHLIGHT THE URGENT NECESSITY OF THE GOVERNMENT OF NEWFOUNDLAND AND LABRADOR IN COOPERATION WITH THE GOVERNMENT OF CANADA TO DEVELOP AND IMPLEMENT A COMPREHENSIVE PUBLIC POLICY STRATEGY TO REBUILD THE NEWFOUNDLAND AND LABRADOR FISHING INDUSTRY. THIS COURSE OF ACTION IS CRITICAL TO THE FUTURE OF THE PROVINCE'S RURAL COASTAL ECONOMY AND THE PROVINCE'S ECONOMY AS A WHOLE. CLEARLY, A NEW FISHERIES MANAGEMENT MODEL IS NEEDED TO ENSURE THE REBUILDING AND ONGOING SUSTAINABLE MANAGEMENT OF THE FISHING INDUSTRY AND TO RESTORE RENEWED HOPE FOR OUR COASTAL PEOPLE AND COMMUNITIES LEFT ADRIFT IN THE WAKE OF THE GROUND FISH COLLAPSE. GOVERNMENTS HAVE A COLLECTIVE PUBLIC POLICY RESPONSIBILITY TO RISE TO THIS CHALLENGE.

REBUILDING OUR FISHERY-----REBUILDING OUR FUTURE:

1. The collapse of the Newfoundland and Labrador ground fish fishery has left an unprecedented legacy of a dismal failure in fisheries management policies at both the federal and provincial level;
2. This public policy failure has generated unprecedented social and economic change and instability throughout most regions of our province; it has left our rural Newfoundland and Labrador society struggling to survive in the absence of a solid commitment by governments to fisheries rebuilding and community revitalization;
3. This impotent public policy vacuum is unacceptable from a public policy perspective and is completely contradictory to government's responsibility to provide effective management of our overall economy and the fishing industry as a whole;
4. The principal mandate of elected governments is to provide effective leadership in the development of public policy strategies for all sectors of our economy and for our society at large. This includes providing effective public policy leadership in the rebuilding of our renewable fishery resources and our rural regional economies and communities with a major dependence on both the inshore and offshore fisheries sectors;
5. Increasingly, over the recent past, fisheries management policies of the federal government have led to creeping privatization of common property (public) fishery resources; this policy approach will have major future implications for fishery dependent regions and communities and must be challenged and reversed: otherwise legitimate community based interests and the public good will be completely usurped by private sector driven imperatives that is concentrating access to and benefits from the resource to fewer and fewer quota and license holders ;

6. Equally disconcerting in a public policy context is a deepening practice by governments to mold public policy in complete secrecy without the opportunity for broad public input; this lack of openness and transparency is best illustrated by the secret negotiations which led to the signing of the Canada/EU Free Trade Agreement in 2013. Aspects of this Agreement will have

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profound negative implications in the future for sectors of the Newfoundland and Labrador fishery;

7. Policy coordination is critical to fisheries rebuilding and the revitalization of our rural economy: Newfoundland and Labrador has paid a terrible price because of a disjointed federal/provincial approach to fisheries management over the past fifty years or more; a more pragmatic and enlightened bilateral fisheries management model is required to achieve fisheries renewal.
8. Communities that once exercised responsible stewardship of its adjacent ocean resources, have been disenfranchised from the fishery management processes that control their resources.
9. A failure in Canadian fisheries management together with aggressive foreign overfishing of transboundary stocks were both critical factors surrounding the collapse of the Newfoundland and Labrador ground fish fishery. The latter problem continues to be downplayed by DFO and the Government of Newfoundland and Labrador but a continuation of foreign overfishing of transboundary fish stocks on the Nose and Tail of the Grand banks is preventing stock rebuilding. If not addressed the future for regions (i.e. South Coast) traditionally dependent on these stocks will remain bleak.

FISHERIES REVITALIZATION VISION:

10. The revitalization of the Newfoundland and Labrador fishery and our rural economy demands a highly focused public policy commitment to fisheries rebuilding and sustainable fisheries management practices which have community wide input and support;
11. Critical to this public policy vision are policies which promote and safeguard prudent fisheries resource management practices; environmentally sensitive harvesting technologies; effective processing sector strategies; and an internationally competitive fishing industry anchored by a strategic marketing structure;
12. This vision also envisages a revitalized and vibrant fishing industry which can restore a measure of hope to those individuals and communities in our province wanting the opportunity to rebuild their futures around a rebuilt and revitalized fishery;
13. A vibrant fishing industry is the sole centerpiece around which to build r sustained employment and community stability in many regions of our province. This opportunity should not be lost but

could easily fall by the wayside if coordinated and decisive public policy action is not taken to rebuild the fishery both prudently and viably.

14. Critical to this vision as well is a new fisheries science structure independent of political control and modelled after the Icelandic Fisheries Management Board which would provide independent advice to government on the management of all fish stocks.

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GUIDING FISHERIES MANAGEMENT PRINCIPLES:

15. First and foremost, the fishing industry must be managed in the public interest and for the public good through open, transparent and accountable fisheries management policies which meet the “public interest” test;
16. Fishery resources are common property resources and must be managed by governments in this context; license holders who hold a privilege, through licenses and quotas, to participate in the fishery have no right of common property resource ownership; the increasing tendency by the federal government to quasi-privatize fishery resources must be assessed with public policy concern;
17. All government fishery policies must be developed, implemented and reviewed through an open, transparent, and accountable public policy process in which there is full provision for widespread community and public input; public policy formulation must be excluded from any restrictive provisions of access to information legislation;
18. An effective and prudent fisheries management framework, anchored by a solid government commitment to fisheries science, is the most critical fisheries management consideration that must drive fisheries management policy. Pressures to reopen fisheries or to further increase quotas for fisheries reopened must be resisted until there is clear scientific evidence that individual stocks can sustain any given quota level;
19. A new federal/provincial fisheries management partnership is critical to the rebuilding and ongoing management of a comprehensive bilateral fisheries management policy framework for Newfoundland and Labrador.
20. The private sector cannot be permitted to usurp governments’ constitutional obligations and responsibilities in the effective management of our fishery;
21. An overriding fisheries management objective is to maximize economic opportunities to communities, distributive justice to industry participants, and the economy and fishing industry at large through prudent and sustainable fisheries management policies and practices; minimum processing requirements can play an important role in meeting this objective;

22. Fisheries rebuilding must be a pivotal cornerstone in regional social and economic development priorities for our province; the establishment of a Newfoundland and Labrador Fisheries and Aquaculture Advisory Council comprised of both industry and public at large participants is critical to the development of a comprehensive fisheries policy framework; THIS COUNCIL WOULD BE STRUCTURED IN SUCH A WAY AS TO GIVE THE FOUR DISTINCT REGIONS OF THE

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PROVINCE (COASTAL LABRADOR, THE WEST COAST, THE SOUTH COAST AND THE EAST/NORTHEAST COAST) AN EFFECTIVE VOICE IN FISHERIES MANAGEMENT; EACH REGION WOULD HAVE EQUAL INDUSTRY AND COMMUNITY INTEREST REPRESENTATION ON THE ADVISORY COUNCIL . THESE FOUR SUB-REGIONAL (COASTAL) FISHERIES COUNCILS COULD ALSO TAKE ON A FISHERIES MANAGEMENT ROLE AT THE REGIONAL/COMMUNITY LEVEL AS RECOMMENDED BY THE GOVERNMENT OF CANADA'S FISHERY RESOURCES ADVISORY COUNCIL IN ITS FEBRUARY, 2004 REPORT.

23. The traditional linkage between both the inshore and offshore sectors of the fishing industry and specific regional economies of our province should be given full consideration in any comprehensive fisheries rebuilding strategy; both sectors can bring their specific strengths to bear in moving the industry forward concurrent with stock rebuilding opportunities;
24. A prudently managed aquaculture industry can make a contribution to the revitalization of certain rural regions of our province; however, ongoing concerns over costs/benefits, the environmental impacts of certain sectors of the aquaculture industry, displacement of fishers from traditional fishing grounds, and impacts on community and provincial infrastructure must be addressed through an ongoing open and transparent public review process.
25. The health of our rural regional economies is particularly intertwined with the fishery, especially the inshore fishery; in the absence of a strong fisheries sector there is little opportunity for fishery dependent regions to build healthy and sustainable regional economies; this speaks to a stark reality that rebuilding our rural economies must go hand in hand with the rebuilding of the fishery.

OTHER FISHERY POLICY CONSIDERATIONS

26. Many questions remain surrounding the collapse of the Newfoundland and Labrador fishery and the limited public policy actions taken by the Government of Canada and the Government of Newfoundland and Labrador since this collapse some 25 years ago. If we are to avoid mistakes of the past, a full understanding of this matter is crucial from both a governance and public policy perspective. This can best be achieved through a Commission of Inquiry into the Post Moratorium Management of the Newfoundland and Labrador Fishery. [A Liberal Government will d make this a principal cornerstone of its fisheries policy framework].

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PROPOSED ACTION PLAN:

27. THE GOVERNMENT OF NEWFOUNDLAND AND LABRADOR SHOULD IMMEDIATELY INITIATE A COMMISSION OF INQUIRY INTO THE POST-MORATORIUM MANAGEMENT OF THE NEWFOUNDLAND AND LABRADOR FISHERY.
28. THE GOVERNMENT OF NEWFOUNDLAND AND LABRADOR UNDERTAKE NEGOTIATIONS WITH THE GOVERNMENT OF CANADA THROUGH AN OPEN AND TRANSPARENT PUBLIC HEARING PROCESS ON THE ESTABLISHMENT OF A TRANSPARENT JOINT FISHERIES MANAGEMENT BOARD. MEMBERS OF THIS BOARD SHOULD HAVE NO VESTED INTEREST IN DECISIOPNS TAKEN BY THE BOARD.
29. THE GOVERNMENT OF NEWFOUNDLAND AND LABRADOR SHOULD PRESS THE GOVERNMENT OF CANADA TO UNILATERALLY EXTEND CANADIAN FISHERIES JURISDICTION TO THE EDGE OF CANADA'S CONTINENTAL SHELF AS PREVIOUSLY COMMITTED TO BY THE PRIME MINISTER OF CANADA.
30. THE GOVERNMENT OF NEWFOUNDLAND AND LABRADOR SHOULD ALSO PRESS THE GOVERNMENT OF CANADA TO REBUILD ITS FISHERIES S SCIENCE CAPACITY AND TO ESTABLISH AN INDEPENDENT FISHERIES RESEARCH BOARD.
31. THE GOVERNMENT OF NEWFOUNDLAND AND LABRADOR SHOULD IMMEDIATELY CREATE A NEWFOUNDLAND AND LABRADOR FISHERIES AND AQUACULTURE ADVISORY COUNCIL COMPRISED OF REPRESENTATIVES FROM COMMUNITIES AS SPECOFIED IN 23 ABOVE, THE COMMUNITY AT LARGE AS WELL AS FROM THE HARVESTING AND PROCESSING SECTORS AND FROM PUBLIC INSTITUTIONS.
32. THE GOVERNMENT OF NEWFOUNDLAND AND LABRADOR SHOULD PRESS THE FEDERAL GOVERNMENT TO IMPLEMENT A NEW FISHERIES ACT TO GIVE PRIMARY CONSIDERATION TO THE PRINCIPLES OF CONSERVATION, SUSTAINABILITY, TRANSPARENCY, THE COMMON PROPERTY NATURE OF THE RESOURCE, AND TO PROVIDE FOR BIOMASS TARGETS TO BE ADOPTED IN THE REOPENING/REBUILDING OF INDIVIDUAL FISH STOCKS.
33. THIS NEW FISHERIES ACT SHOULD CLEARLY RECOGNIZE A LEGITIMATE RIGHT OF COMMUNITIES TO HAVE EXPLICIT RIGHTS IN RESOURCE MANAGEMENT AND ALLOCATION DECISIONS.

34. A NEW FISHERIES ACT SHOULD ALSO SUPPORT THE ENFORCEMENT OF HIGH SEAFOOD QUALITY ASSURANCE STANDARDS AND THE FORMATION OF ONE OR MORE FISHERIES PROMOTION AND MARKETING ORGANIZATIONS.
35. THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF NEWFOUNDLAND AND LABRADOR SHOULD CLEARLY ARTICULATE THAT OUR FISHERY RESOURCES ARE PUBLIC RESOURCES TO BE MANAGED FOR THE PUBLIC/COMMUNITY GOOD AND ACCESS TO THESE RESOURCES BE DETERMINED THROUGH A TRANSPARENT PROCESS BASED PRIMARILY ON BENEFITS ACCRUING TO COMMUNITIES/REGIONS OF OUR PROVINCE.
36. THE GOVERNMENT OF NEWFOUNDLAND AND LABRADOR SHOULD INTRODUCE A NEW HIGH SCHOOL COURSE WHICH WOULD BROADEN THE UNDERSTANDING OF THE ROLE OF THE FISHERY IN OUR SOCIETY AND ECONOMY.[THIS COULD BE A STAND ALONE FISHERIES COURSE OR A MAJOR COMPONENT OF A BROADER RENEWABLE AND NON-RENEWABLE RESOURCE SECTOR COURSE].