

June 1, 2016

Ministerial Advisory Panel on LIFO Policy
Department of Fisheries and Oceans
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Dear Panel Members:

The Canadian Federation of Independent Business (CFIB) is a non-partisan and not-for-profit organization that represents independently-owned small- and medium-sized enterprises. We represent 109,000 members across the country and have over 2,000 members in all regions of Newfoundland and Labrador.

We would like to thank you for the opportunity to present the views of CFIB members during the consultation session held in St. John's on May 25, 2016. Collectively, Newfoundland and Labrador's small and medium-sized enterprises employ nearly half of all employees in the province, and are responsible for the bulk of new job creation. Addressing issues of importance to them can have a widespread impact on job creation and the economy.

As you may be aware, CFIB takes its direction solely from our members through a variety of surveys throughout the year. However, due to the nature of the northern shrimp issue, CFIB employed a different approach for this presentation. Between mid-March and the end of April, CFIB conducted personal interviews with nearly three dozen members in Old Perlican, Port-au-Choix, Fogo Island, Twillingate, Lewisporte, and St. Anthony. The intent of this letter is to provide the perspective of small business owners in the communities that are directly benefiting from the northern shrimp fishery. To a person, they noted the effects of no changes to the LIFO policy would be drastic and their communities would be devastated.

To best understand the impact these changes will have on the small business community, some context is necessary. According to information available on the Department of Fisheries and Oceans' website, between 2010 and 2015, increases in SFA 4 favoured the offshore sector, while there was no change in quota in SFA 5. In SFA 6, from 2010 to 2015, there has been a three per cent reduction in the offshore share of the quota, though the inshore sector has had its share reduced by 11 per cent. Compounding the effect is the increase in the quota in 2012. Further, the scientific data reported in January is telling, but also concerning for those in adjacent to SFA 6.

There are substantial spin off benefits from the shrimp fishery on those communities, particularly those with fish plants that process shrimp. As our presentation highlighted, inshore shrimp harvesters require groceries and other supplies, boats and fish plants have to be maintained, and product has to be trucked out of the towns. Grocery stores and other suppliers benefit from the inshore shrimp harvesters purchasing what they require to operate. Much of this money is typically

spent at small businesses, supporting their local economies. For additional perspective on the effect the shrimp fishery, members in Old Perlican have noted a year over year decline in business as a result of the Bay de Verde fish plant fire that occurred in April. In one case, a member has seen a 30 per cent reduction compared to last year.


On behalf of its members, CFIB recommends the LIFO policy be abolished and allow the total quota, whatever it may be, in Area 6 to be allocated to the inshore sector. It is possible for the offshore to have a greater quota in Area 5. During the conversations with members, they recognize how much money the inshore shrimp fishery generates for their communities. This, in turn, allows them to create jobs in their communities.

The most important thing, however, is a plan to transition inshore harvesters from shellfish to groundfish. Unless something in the environment changes, it seems the shrimp biomass in Area 6 is in decline. Nonetheless, abolishing the LIFO policy will give time, provided governments wish to take it, to undertake the appropriate policy coordination to ensure communities do not have to endure an economic shock similar to that felt by so many by the cod moratorium. This provides certainty for businesses to invest in their communities. While the change will be difficult to deal with, it is the uncertainty that is most harmful to a local economy.

Again, we thank you for the opportunity to present the views of CFIB members. In the affected communities, it is clear small business owners are concerned about what the future holds for them unless there are changes made ensuring the viability of the inshore shrimp fishery. Many have talked about the direct effects of maintaining the LIFO policy, but I hope the perspective of those who are indirectly affected is of value as you deliberate on this very important matter.

If the Panel has any questions or requires additional information, you may reach Vaughn Hammond by phone at 753-7745 or by email at vaughn.hammond@cfib.ca. Our colleagues in Ottawa are also available at 613-235-2373 or by email at monique.moreau@cfib.ca.

Sincerely,



Vaughn Hammond
Director of Provincial Affairs, NL



Monique Moreau
Director, National Affairs

Copy: NL All-Party Committee on Northern Shrimp Allocations

Attachment