

Presentation to the Ministerial Advisory Panel LIFO Policy - Northern Shrimp

Department of Agriculture, Aquaculture and Fisheries
of New Brunswick

June 10, 2016
Halifax, Nova Scotia

LIFO POLICY REVIEW – Revisited

- Election promise...
- Provide stakeholder the opportunity to express their views
- New Brunswick expressed concerns with the review process:
 - Composition;
 - Scope and timeline;
 - Lack of diversified location of public consultations.
- Timing of review:
 - Major decline in stock is projected;
 - Implications for Atlantic communities involved;
 - Unhealthy debate.
- Legal implications
- Government of Canada committed to consult provinces

Historical Attachment...

- NB pioneers in development of shrimp fishery on Canada's East Coast
- Significant investment to develop fishery and allowed technology transfer
- Specialized fleet sector → access to shrimp only
- Significant cost to harvest in harsh environmental conditions
- Viable business model only allowed 13 vessels to fish 17 licences even with expansion of fishery
- Fleet recognition and additional shrimp provided:
 - 10 % increase;
 - Special allocations allowed communities to benefits from access.
- Many New Brunswickers depend on this fishery for their livelihood
- Offshore fleet was also dependent on Groundfish

Rules of Engagement - Expansion

- Prior to 1997... Shrimp was exclusively fished by offshore fleet sector
- Significant increases in shrimp allocations were granted until 2008
- Sharing arrangements with new entrants were very clear and four key conditions were announced by Fisheries and Oceans (DFO) in 1997:
 - Conservation was paramount;
 - Viability of the existing fleet not to be jeopardized;
 - No permanent increase in harvesting capacity, temporary access ends with quota decline;
 - Adjacency used to provide new access given increases in TAC.
- Northern Shrimp Advisory Committee meetings gravitated around LIFO
- Shared stewardship was to be used to promote sustainability:
 - PA Framework – Exploitation rate / Stock Biomass
 - Refer to DFO documentation

Additional Safeguards...

- AFPR and IPAC initiatives were used to guide DFO's Minister in decision-making process on access and allocation issues
- New Frameworks published by DFO (New access and AFPR):
 - Stabilize access and allocation;
 - Transparency of criteria and principles;
 - Predictable outcomes...LIFO referred as example for exit rules.
- Provisions contained in IFMP 2003 & 2007 reaffirmed LIFO Policy
- 2007 decision to convert temporary licence to **regular** licence allowed inshore fleet sector to develop self-adjustment mechanism – LIFO stated
- In 2010 / 2011 / 2013, LIFO was implemented
- 2012 – Ernst & Young LIFO Review confirmed validity of policy

Impact on New Brunswick...

- Decline in Provincial Historical Shares:
 - 11.76% in 1996
 - 2.20% in 2008
 - 3.31% in 2015
- Significant increase in shrimp abundance negatively affected traditional markets and mid-shore fleets:
 - Price declined to a low of \$0.38 per pound in 2008;
 - Allocations were at a peak;
 - Fleet rationalization by 25% between 2008-2011;
 - DAAF provided financial relief in order to avoid bankruptcies.
- Vast majority of increase in shrimp went to interest in Nunavut and Newfoundland & Labrador
- Survival of the School of fisheries at stake

MAINTAIN LIFO

- This is a Canadian resource governed by rules, regulations and policies
- Avoid continuous debate on access and allocation issue
- Secure investors' confidence in fisheries sector
- Protect the viability of the sector which developed this fishery
- Provide the ability to our industry to access markets – diversified products
- Maintain a balance between harvesting capacity and resource availability which is instrumental for sustainability of resource – Shared Stewardship
- Stakeholders were consulted on Fisheries Management Frameworks
- DFO Framework is fundamental to manage the resource based on clear guiding principles and criteria that are fair, transparent, predictable, stable
- Adjacency was excessively used to provide access to groups without taking into considerations other criteria
- For safety purposes, this fishery requires larger vessels