

A large blue and white icebreaker ship is sailing in the ocean. The ship has a prominent white superstructure and a blue hull. In the background, there are several large white icebergs. The sky is a pale blue, and the water is a dark blue-grey. The ship is moving from left to right across the frame.

Newfound Resources Limited

Presentation to the MAP

Goose Bay, Labrador

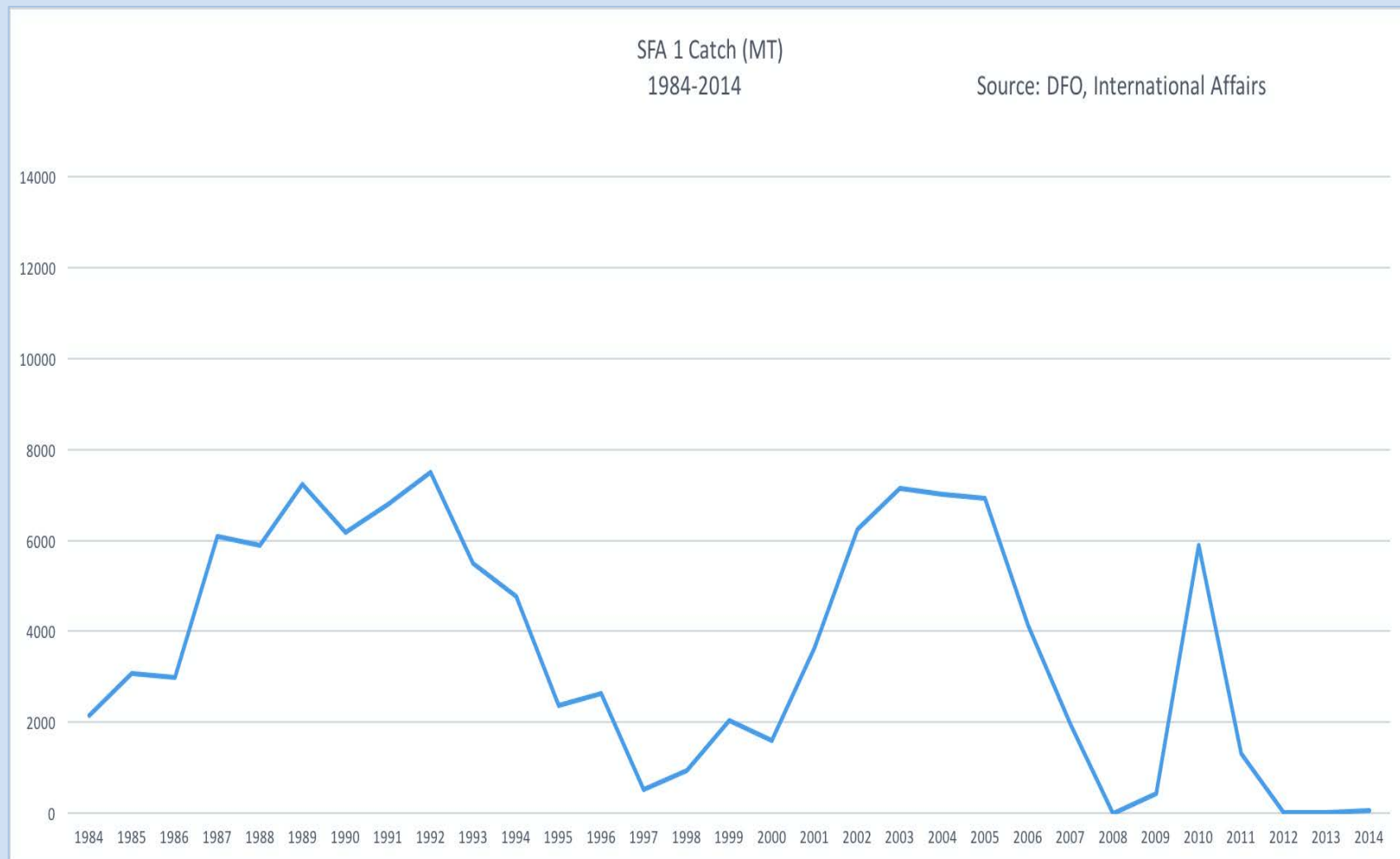
June 02, 2016

1. Makivik Partnership

- Strategic partnership needed since harvestable quotas have not changed significantly since 1997
- An offshore vessel requires much more quota to be viable than is available from a shrimp licence (2 DFO studies)
- Construction costs , technology, market requirements and the demands of a changing climate have pushed the replacement costs of a new vessel to \$60 million

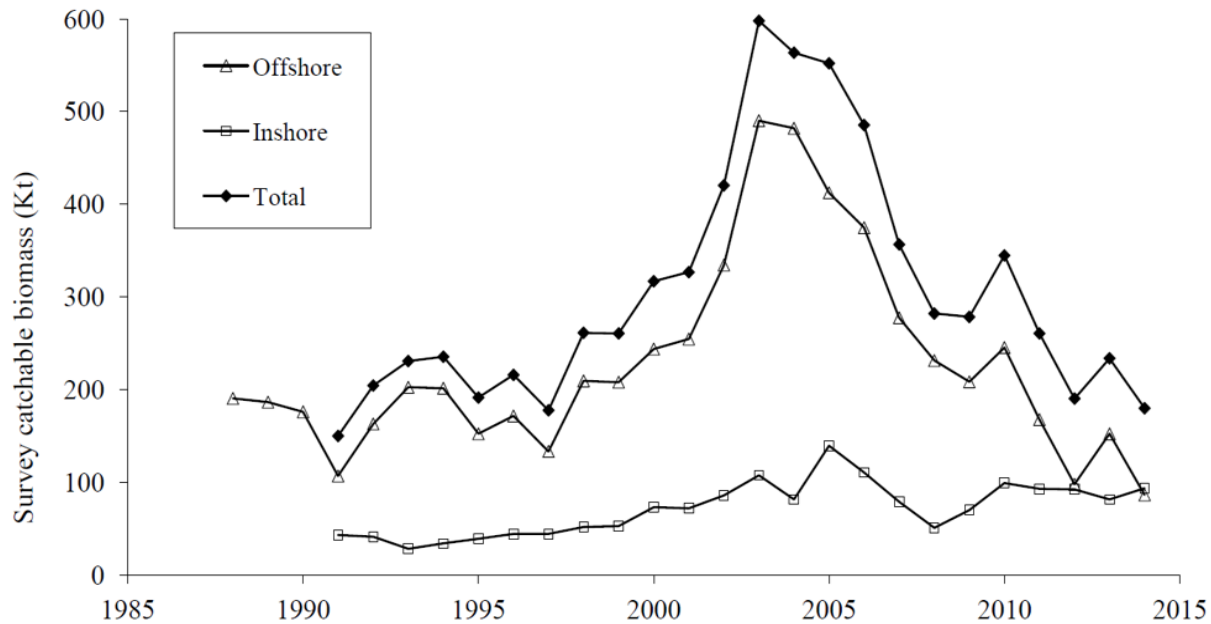
- Both parties benefit; millions of dollars of revenue to Makivik and >\$10 million to NL from Makivik shrimp
- Vessels do go bankrupt and the last 2 cases were linked to the demise of SFA 1
- SFA 1 fishery has been a disaster for most of the last decade and quotas exist on paper for strategic reasons (graph #1)

Graph #1



- There is no kitty of quotas up north

survey (total biomass) (Greenland)



Graph #2

- Threshold levels today are only slightly higher than 1997 and a 2016 reduction using LIFO will make them almost equal

Threshold Levels

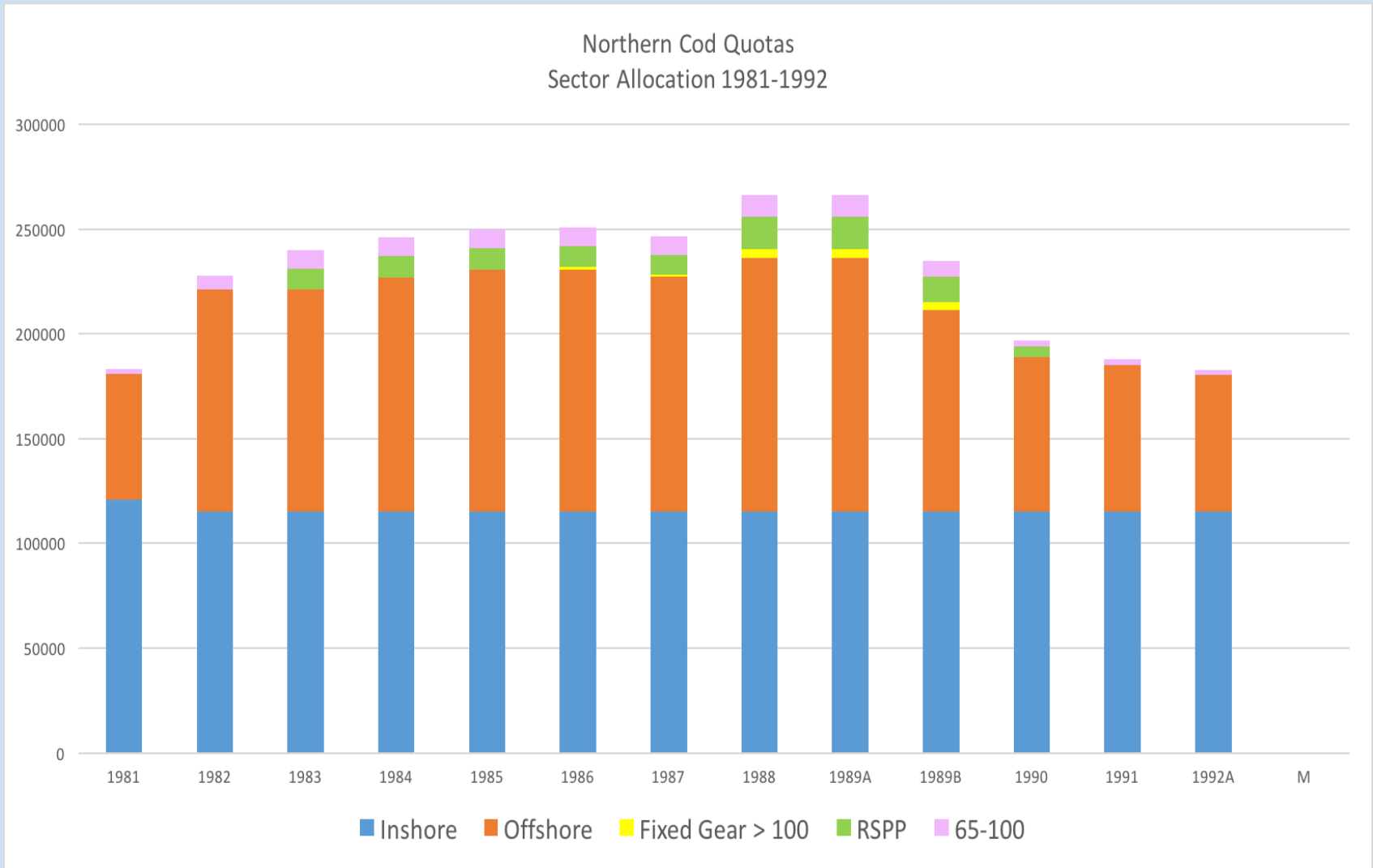
	1997	2015
SFA 0	500	500
SFA 1	8500	-
SFA 2	3500	4813
SFA 3 (Mont.)	1200	- (bycatch only)
SFA 4	5200	11,519 (excludes 1700 mt for survey)
SFA 5	7650	10,150
SFA 6	<u>11,050</u>	<u>13,559</u>
	37,600	40,541

Table #1

- “Reverse order” is not a vague term
- Minister Mifflin’s 1997 announcement
 - Viability of existing enterprises will not be jeopardized
 - Current licence holders will retain their 37,600 mt threshold
 - No permanent increase in capacity
 - Participation by new entrants will be temporary and will end for those SFA’s where quotas decline and the established thresholds are reached
 - Thresholds will be defined as the 1996 quotas in each of the 6 areas (11,050 in SFA 6)

2. Newfound Resources Limited

- Held a 15,000 mt cod quota but it was eliminated prior to the moratorium because a reverse order system was followed
- Historic dependence was the guiding factor as cod quotas declined from 1989-1992 (graph #3)



- Many offshore plants were closed prior to the eventual moratorium
- The loss of 60 full time jobs on our offshore trawler in 1991 was not newsworthy because crew were dispersed throughout NL

3. Broader Issues

- Adjacency guided the sharing of new incremental quotas in 1997
- Historic dependence and economic viability were specified as protection for the existing fleet into the future

- Retroactive adjacency is a house of cards
- You do not need to be unionized to be adjacent
- Historical attachment, economic viability and adjacency were clearly reconciled by DFO in 1997

4. Solution?

- Difficult given the level of inaccuracies being circulated
 - Offshore is not plundering SFA 6
 - Offshore does not target shrimp during the spawning season
 - Bridging is not irresponsible
 - Renaming of “temporary” licences did not change their LIFO status

- The parties can collaborate in a manner fair to shipowners to address new solutions to the severe problems of declining raw material supply to shrimp plants
- Science → is it relevant to MAP ?

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Thank You!