



## **4R3Pn Submission**

Geographic Fixed Gear Fleet Shares:  
Gulf of St. Lawrence Atlantic Halibut

April 18, 2016

## Table of Contents

Introduction	1
History of Geographic Sharing in 4R3Pn	1
Gulf Shrimp (1990)	1
Gulf (4RST) Greenland Halibut-Turbot (2000)	2
Atlantic Halibut Catch History	2
Subsequent Decisions	2
By-Catch/Quota Transfer	3
Economic Considerations	3
Summary	4

## Introduction

The Atlantic Halibut fishery has historically been critically important to the majority of enterprises in 4R3Pn, both in the directed fishery and to by-catches from other fisheries. There are currently 773 enterprises with groundfish licenses in 4R3Pn.

As a result of recent fleet sharing decisions, Newfoundland and Labrador has lost significantly and disproportionately with respect to quota allocations. The formula implemented in 2007 gave Newfoundland and Labrador the lowest possible share and subsequent decisions have repeatedly eroded this share.

## History of Geographic Sharing in 4R3Pn

In the recent period prior to 2007, 4R3Pn harvesters had a significant and increasing percentage of the total fixed gear catch and advocated for the continuation of a fully competitive fishery. At the time, other provinces requested that the quota be shared and in January 2007, Department of Fisheries and Oceans Canada (DFO) announced that geographic sharing would take place.

A DFO mandate letter on the implementation of geographic sharing in the 4R Atlantic Halibut allocation states:

*“The sharing of these stocks between geographic regions should facilitate more efficient local management of resources, assist in providing stability in terms of the future access/allocations of the resources relative to historical participation levels and allow users to take more responsibility for the management of their fishery.”*

Despite the clear mandate to develop an agreement based on historical participation levels, the sharing and subsequent decisions have had the opposite effect. Specifically, previous application of historic participation levels was adjusted to minimize the Newfoundland and Labrador share and subsequent decisions, in line with overall TAC increases, have repeatedly de-stabilized and further eroded the Newfoundland and Labrador share. At the time, FFAW-Unifor made a submission to DFO outlining our opposition to the process and the proposed agreement (Appendix A).

There are two relevant reference cases that involve sharing of Gulf fish resources for comparison: Gulf (Esquiman) Shrimp (1990) and Gulf (4RST) Greenland Halibut-Turbot (2000).

### **Gulf (Esquiman) Shrimp (1990)**

The Newfoundland and Labrador (4R-based) shrimp fleet began harvesting shrimp in the late 1960s and had more than 25 years of extensive fishing history in the waters of 4R, directly adjacent to their coast, when vessels from Quebec and New Brunswick (Group B) increased their fishing activity significantly in that area. If historic catch data had been used (1970 to 1989), Newfoundland and Labrador would have been given 89% of the Esquiman quota (Appendix B). The sharing formula that was implemented, however, used the most recent 3 years (1987 to 1989), giving Newfoundland and Labrador a significantly reduced share of 75%.

Further to this, in 1986 DFO issued seven additional licenses to Quebec harvesters on the Lower North Shore (LNS) (Natashaquan to Blanc Sablon) and, rather than grouping

them with their provincial counterparts, grouped them with Newfoundland and Labrador in Group A. Despite the fact that Newfoundland and Labrador vessels had 99% of the history within the newly formed Group A, the LNS licenses were allocated 11.1% of the Group A quota, leaving Newfoundland and Labrador with only 66.7% compared to the original 89%, based on a long-term/historic sharing formula.

The 2015 TAC for Esquiman Shrimp was 8,249t. The difference between the historic share and the share established based on recent history is 1,840t. Subtracting some additional allocations to other fleets, this amounts to approximately 1,500t or 3,300,000 lbs of landed product. Based on 2015 prices, the value is more than \$6.5 million.

Without question, Newfoundland and Labrador lost significantly on both sharing arrangements.

### **Gulf (4RST) Greenland Halibut-Turbot (2000)**

This decision involved sharing between Newfoundland and Labrador and Quebec Fixed Gear. Quebec requested sharing and an agreement was reached in 1995 in line with principles used in shrimp sharing, however this sharing formula used the Recent 4 Year Period (1991 to 1994). Some years later, Quebec requested a re-opening of this agreement, seeking a larger share. DFO implemented a Three Member Expert Panel chaired by former Chief Justice Gerard LaForest. The Panel's decision was that the original 1995 agreement was reached in good faith and *"while not completely satisfactory to either group, was the best possible compromise"* and should be maintained.

### **Atlantic Halibut Catch History**

Based on the agreements developed for Gulf (Esquiman) Shrimp and Gulf (4RST) Greenland Halibut-Turbot, there were other, fairer agreements that could have been used as options to calculate the Newfoundland and Labrador share of Gulf Atlantic Halibut:

- 3 Year History (2004 to 2006)                      46.72% (using shrimp sharing formula)
- 4 Year History (2003 to 2006)                      47.12% (using turbot sharing formula)

Either of these timeframes would have been consistent with DFO decisions on sharing agreements for Gulf Shrimp that was subsequently confirmed by Justice LaForest in the Turbot sharing decision. Instead, DFO based the Atlantic Halibut sharing agreement on a table of adjusted landings for three reference periods. The imposed period was 1986 to 2004, giving Newfoundland and Labrador just 32.02%.

### **Subsequent Decisions**

- **2007**  
Newfoundland and Labrador received 32.02% of 4R Atlantic Halibut quota available to fixed gear.
- **2008**  
As was done previously, the mobile and by-catch components were transferred to the fixed gear fleet (108mt of 475 TAC) and Newfoundland and Labrador received 32.02%.

- **2009**

DFO, under the direction of then-Minister of Fisheries and Oceans Canada Gail Shea, split mobile and by-catch components amongst 8 fleets at the expense of Newfoundland and Labrador harvesters. The split resulted in three fleets from Quebec, four fleets from the Maritime provinces and only one fleet for Newfoundland and Labrador. This arbitrary split drastically reduced the Newfoundland and Labrador share to 27.22%. As a result of this significant reduction, FFAW-Unifor issued a statement condemning the decision and highlighting the negative consequences it would have (Appendix C). These fleets were defined to outline a specific share based on their participation and making them equal was totally opposite to the principle and intention outlined in the initial process.

- **2011**

Initially the TAC was increased by 80mt and again, the same reduction of the NL share occurred. Following continued lobbying and a formal protest, newly appointed Minister of Fisheries and Oceans Canada, Keith Ashfield, increased the TAC from 680mt to 720mt and shared that portion of the increase based on established formulas. This was viewed as an acknowledgement that there was an error in previous decisions.

- **2015**

After Gail Shea's re-appointment as Minister of Fisheries and Oceans Canada, FFAW-Unifor took a proactive approach and submitted a petition requesting that increases be shared based on the initial formula. Unfortunately, the very same reduction was implemented again in 2015, further reducing the Newfoundland and Labrador share. As a result, FFAW-Unifor organized a rally at DFO offices in Corner Brook once again, this time focussing on the principles of fairness and historical attachment. The rally received significant support from harvesters, the general public and elected officials, including the mayor of Corner Brook and Liberal Member of Parliament for the area, Gerry Byrne.

In comparing the original sharing formula, that ignored the established precedence of recent history, with the subsequent sharing of by-catch components that further reduced the Newfoundland and Labrador share, there is one common theme—formula criteria are selected that give Newfoundland and Labrador a reduced share.

### **By-Catch/Quota Transfer**

As outlined in the Terms of Reference, 85% of the mobile fleet quotas have been transferred annually by DFO to the fixed gear fleets, given that current by-catch needs are well below mobile gear allocation levels. FFAW-Unifor maintains that, unless proven to be required, 85% should be the minimum and the amount allocated to the Fixed Gear 65-100' fleet should not be increased from the 2014-15 levels.

### **Economic Considerations**

In 2011 Provincial-Industry MOU released a comprehensive Report on the NL Fishing Industry. A component of that report was an Independent Detailed Economic Analysis of Newfoundland and Labrador Fleets by Deloitte.

The report stated that, with respect to required levels of viability, the highest levels of rationalization required is in 2J, followed by 4R3Pn (68% of 449 enterprises), 4R North (70% of 236 enterprises) and 3K.

The analysis referenced an economic proxy – Average Employment Income for Newfoundland and Labrador - \$30,300. Various income levels were compared:

- Only 23% of 4R harvesters earned an income of \$20,000\* compared to 53% in the rest of the population of the province.
- Only 8% of 4R harvesters earned an income of \$25,000\* compared to 37% in the rest of the province.

\* - Incomes include Employment Insurance earnings.

While most harvesters in 4R do fish lobster, the levels of catches throughout the region are on average minimal when compared to the Maritimes. We would invite a comparison of 4R versus the other noted fleets on lobster and on overall opportunities/income. For example, a typical harvester on the Northern Peninsula would have no snow crab allocation, 2000 lbs to 3000 lbs of lobster for the season and minimal other opportunities. Halibut would make up more than a quarter of their annual income.

The decision to continually reduce the Newfoundland and Labrador share of Atlantic Halibut has impacted those who can least afford it.

Referencing the DFO comment of allowing users to take more responsibility for the management of their fishery, in 2013 the Fisheries, Science Stewardship and Sustainability Board (FSSSB), in conjunction with DFO, moved forward with an Atlantic Halibut Sustainability Plan (AHSP) for the 4R Atlantic halibut fishery. While the previous plan also included tagging and monitoring, the new plan integrated the FFAW-Unifor Traceability Project as a catch monitoring tool to improve sustainable fisheries management and to help harvesters best harvest and market what had previously been a very limited, 24-hour derby fishery. The previous fishery resulted in market gluts, safety concerns, and quota overruns. The new AHSP utilizes monitoring tags to better ensure the resource is harvested sustainably.

As a result of increased cooperation and a customer-oriented fishery, which included significant work by the industry members and focusing the traceability project, Newfoundland and Labrador buyers are now able to market this value-added seafood at a premium price and in turn pass on an increased price to the harvesters. Prices have increased from \$3.50 prior to the project to \$7.00 last year. The project is important to increasing the value of Atlantic Halibut in the Gulf region and ensuring sustainable fisheries.

A significant amount of cooperation from harvesters has gone into this plan. The decision to reduce the Newfoundland and Labrador share has effectively undermined the process.

## **Summary**

The sharing formula implemented in 2007 for 4RST Atlantic Halibut gave Newfoundland and Labrador a much lower share and subsequent decisions have repeatedly eroded this share. Splitting by-catch and mobile gear components amongst 8 fleets in 2009 and 2011 (prior to Minister Keith Ashfield's intervention) and continuing this practice in 2015 after intense lobbying against it by FFAW-Unifor, has continued to significantly reduce the Newfoundland and Labrador share.

There is precedence for Gulf sharing decisions that has used recent history (shrimp and turbot). Either of these examples would give Newfoundland and Labrador a share more reflective of their historical attachment and economic dependence. Further, by-catch/unused portions of the quota should be optimized with the current 85% benchmark set as a minimum.

Western Newfoundland and Labrador, including the Great Northern Peninsula, is arguably one of the most economically challenged regions in Atlantic Canada.

The current abundance levels of 4RST Atlantic Halibut has reached among the highest in the historical series and is widely distributed. While the TAC was established for both 2015-16 and 2016-17, and while new scientific initiatives will give us more insight, a reasonable increase in TAC is more than warranted. In line with this, we are requesting a TAC for 2016-17 of 1500t.

## **APPENDIX A**

April 15, 2007

To: Mr. Kevin Stringer (DFO, Ottawa)

Fr: David Decker (FFAW/CAW) for 3Pn, 4R (Western NL) - based FG (<65') GF license holders

Re: 4RST Atlantic halibut – geographical fleet shares

Dear Mr. Stringer,

As per our latest communications on this file, we are writing to update our position. First, we feel that the time frame to address this issue for this year is much too short, and more time needs to be allowed for the best process to be implemented. Furthermore, we strongly suggest that no decision be finalized until at least the 2007 fishing has been completed. In stating this, we have contention on two major points.

The first point is tied to the sharing formula itself. Given the nature and history of this fishery, including anything other than what was caught during the regular commercial component would be totally unfair. The directed fishery has been the component where all harvesters have had equal opportunity to participate. In addition, the documentation and discussion thus far has, particularly from the department's perspective reiterated the 'historical' period (86-91). With respect to other gulf sharing arrangements, it is important to highlight that a more recent period was examined and applied to the final shares. Examples include both Esquiman shrimp (NL and NB, PQ-LNS) and 4RST Turbot (NL and PQ). Recent realities in this fishery must be examined in the context of the debate and include the dramatic increase in resource abundance and the increasing importance to inshore fishers and their communities. By referencing the historical period, you would be ignoring what is currently relevant throughout the whole region. By ignoring the most recent history (i.e. last 4 years), you would be transferring this resource from those who use it to support their livelihood to someone else. On such a transfer occurring, how do we tell harvesters from our communities like Port aux Basques, Three Rock Cove, Trout River, Daniel's Harbour and Port aux Choix that this resource has been transferred away from them? Specifically, we are requesting that any share be calculated using the last four (4) years of the directed commercial landings. This formula (2003-2006 inclusive) based on our calculations would give NL 47.12%. Anything less would be unacceptable.

A second point is the fact that this process is defined as geographical fleet shares for FG (<65') and deals with By-Catch Allocations. Based on the most current TAC of 350mt, 94mt (26.8%) is allocated to by-catch. These by-catch allocations have not been anywhere close to utilized, particularly in recent years and this reality needs to be addressed in this sharing process. We are not necessarily arguing that these shares be



permanently reduced, rather than they be adjusted according to their requirements. More specifically, these by-catches are tied to the respective fleet access to directed GF, notably cod and redfish, and will not be utilized until access to these fisheries increases. As such, one could argue that the first logical step to this process is for a lack of a better description a re-entry strategy for these by-catch components before any sharing formula can be applied.

If at this stage a decision is unilaterally imposed by the department, we adamantly request that the above noted principles be applied.

Sincerely,

David Decker

# ESQUIMAN CHANNEL

## HISTORICAL SHRIMP LANDINGS 1970 - 1989 Newfoundland & Quebec/New Brunswick

YEAR	NF		Quebec/ New Brunswick		TOTAL
	TONNES	%	TONNES	%	
1970	159	100.0%	0	0.0%	159
1971	691	100.0%	0	0.0%	691
1972	184	100.0%	0	0.0%	184
1973	520	100.0%	0	0.0%	520
1974	594	100.0%	0	0.0%	594
1975	1368	100.0%	0	0.0%	1368
1976	1494	100.0%	0	0.0%	1494
1977	1199	96.0%	50	4.0%	1249
1978	2082	96.1%	84	3.9%	2166
1979	2721	84.3%	505	15.7%	3226
1980	1808	74.9%	605	25.1%	2413
1981	1887	62.5%	1134	37.5%	3021
1982	1798	85.2%	313	14.8%	2111
1983	1961	87.5%	281	12.5%	2242
1984	1509	95.6%	69	4.4%	1578
1985	1278	89.9%	143	10.1%	1421
1986	1429	89.8%	163	10.2%	1592
1987	2215	82.5%	470	17.5%	2685
1988	3303	76.2%	1032	23.8%	4335
1989	2809	60.9%	1805	39.1%	4614

Percent Shares 1970 - 1989	89.07%	10.9%
Percent Shares 1979 - 1989	80.86%	19.1%
Percent Shares 1986 - 1989	77.3%	22.7%
Sharing Arrangement	75%	25.0%

# ESQUIMAN CHANNEL

## HISTORICAL SHRIMP LANDINGS 1970 - 1995 NEWFOUNDLAND & QUEBEC (LOWER NORTH SHORE)

YEAR	NF		Quebec LNS		TOTAL
	TONNES	%	TONNES	%	
1970	159	100.0%	0	0.0%	159
1971	691	100.0%	0	0.0%	691
1972	184	100.0%	0	0.0%	184
1973	520	100.0%	0	0.0%	520
1974	594	100.0%	0	0.0%	594
1975	1368	100.0%	0	0.0%	1368
1976	1494	100.0%	0	0.0%	1494
1977	1199	100.0%	0	0.0%	1199
1978	2082	100.0%	0	0.0%	2082
1979	2721	100.0%	0	0.0%	2721
1980	1808	100.0%	0	0.0%	1808
1981	1887	100.0%	0	0.0%	1887
1982	1798	100.0%	0	0.0%	1798
1983	1961	100.0%	0	0.0%	1961
1984	1509	100.0%	0	0.0%	1509
1985	1278	100.0%	0	0.0%	1278
1986	1429	100.0%	0	0.0%	1429
1987	2215	100.0%	0	0.0%	2215
1988	3303	100.0%	0	0.0%	3303
1989	2809	97.5%	72	2.5%	2881
1990	2128	96.3%	82	3.7%	2210
1991	3464	95.0%	183	5.0%	3647
1992	2068	98.4%	33	1.6%	2101
1993	3537	97.7%	83	2.3%	3620
1994	3231	90.2%	353	9.8%	3584
1995	3402	92.3%	284	7.7%	3686

Percent Shares 1970 - 1995	98.8%	1.2%
Percent Shares 1979 - 1991	99.1%	0.9%
Percent Shares 1991 - 1995	94.7%	5.30%
Sharing Arrangement is	88.9%	11.1%

## APPENDIX C

### **Halibut transfer takes food off tables of NL harvesters, while minister's home region enjoys substantial increase**

ST. JOHN'S, NL — At a time when the fishing industry in Newfoundland and Labrador is desperately seeking government help to get through a disastrous fishing season, the federal Department of Fisheries and Oceans has announced a transfer of halibut quota that will effectively make surviving much more difficult for fish harvesters.

On Wednesday, DFO announced that it would be temporarily transferring 108 tonnes of the halibut allocation for the Gulf of St. Lawrence from mobile gear fleets to the fixed gear fleets less than 19.8 metres, just as the department did in 2008.

The only difference this year is that harvesters in this province will get a much smaller portion of that quota to catch while most other Gulf regions, including the home region of federal Fisheries Minister Gail Shea in Prince Edward Island, ended up gaining significantly.

“It is completely unfathomable to any fish harvesters how the federal government can make such a bold-faced and brazen move at this time,” said FFAW-Secretary Treasurer David Decker. “Here we are asking the government to help our industry get through a very tough season, and instead of helping, they have created more doubt and more uncertainty. This fishery is one that puts food on the tables of fish harvesters — and the minister has taken that away.”

Last year the FFAW sought to have the federal government transfer quota from the mobile gear fleet to the fixed gear fleet. Harvesters in this province ended up getting 32.03 per cent of that transfer. Of their overall 108-tonne share of the fixed gear halibut quota this year, Nova Scotia, New Brunswick and Quebec's Magdalen Islands ended up with percentage increases over 2008 of 124, 35 and 32 per cent respectively — the Minister's home province of PEI got a whopping 181 percent increase this year compared to last year.

“The bottom line here is we have upwards of 500 harvesters in this region that are going to lose out at a time when they can ill-afford to do so,” Decker said. “With all the problems we've been experiencing in various fisheries this year, halibut had been one of the beacons of hope.

“Thanks to this decision, that hope is now gone.”

Decker says the decision calls into question whether or not the decision-makers at the federal government level are getting the message with respect to the dire situation being faced in the fishing industry for 2009 and beyond.

“Based on this senseless decision, it is abundantly clear that the federal fisheries minister has no understanding of the seriousness of the plight being faced by fish harvesters and the fishing industry in this province this year,” Decker says.

“I don’t know how it can be justified that harvesters, who are already staring down the barrel of ruination, can be torpedoed by a merciless move like this.”