

Plant numbers need to be reduced

CLAYTON HUNT

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Derek Butler, the executive director with the Association of Seafood Producers in Newfoundland and Labrador, said that the provincial government has to seriously address the issue of over processing capacity in the province's fishing industry.

Mr. Butler said, "The government's recently announced fishing industry renewal initiatives such as a new fisheries research and development program, the establishment of a seafood market review panel and a voluntary fish auction program are good policies in and of themselves. However, they do not address the major problem in the Newfoundland fishing industry today which is over capacity in the processing sector."

According to Mr. Butler there are over 120 fish processing plants in the province and, "We just can't run the number of plants we're running now."

"The over capacity in the processing sector has been recognized since the 1970s by the provincial and federal governments, the harvesting sector and the provincial Federation of Municipalities. Everyone, including the premier, agrees that we have way too many plants for the resource currently available."

He noted that although we have lots of resource such as 100 million pounds of crab and 150 million pounds of shrimp annually and that our ground fish stocks seem to be on the rise, we still have a crisis in the fishery. The landed value figures have been historic highs in recent years and the production value of our fishery was about \$1 billion in 2006.

Mr. Butler noted, "How can we have a fishery that is still chaotic, unstable, where

incomes are low or marginal if we have so much fish at such high value?"

"It's because, once again, we've never tackled the old problem that was identified long ago - that there is too much capacity on the processing side. Too much capacity means we have to reduce the number of plants, as the federal government is not going to increase quotas.

"In addition, given out-migration, we almost have too many plants for the current work force. If you can imagine it, we have too many plants for the fish now available, and now we have too many plants for the workers available."

He noted that the status quo in the fishing industry will not solve the over capacity problem.

"After all these years we have not tackled this major problem. If it's a politically intractable problem we will have to let the fishing industry rationalize itself. I realize there is no easy, off-the-shelf solution to this issue.

"All stake-holders have to continue to sit down to discuss and wrestle through what would work as a solution. And the solution has to be in the interest of, not just producers, but of communities, plant workers and government as a regulator.

"Maybe the force of the markets will rationalize the number of plants where only the strongest, most effective, most efficient, the ones with the best margins, that sell the best quality will remain open.