

Too many plants, boats and people

Rationalization of the Newfoundland fishery is the key to its future

By E. Derek Butler

For more than a decade we have heard the cry, "The fishery is in crisis!" With each new call comes a new report, a new commission, a new conference. In May 2006, Newfoundland and Labrador Premier Danny Williams added a new answer to the call, a one-day Fisheries Summit. Among those in attendance was E. Derek Butler, the executive director of the Association of Seafood Producers. His presentation drew heavily on AIMS research, as well as the expertise and experience of seafood producers around Newfoundland and Labrador.

The Association of Seafood Producers (ASP) is Newfoundland and Labrador's principal processors' organization representing some two-thirds of processing capacity in the province. Since our inauguration in late 2003 we have been working to effect structural change in the industry. We are not alone in making reports and recommendations. Since ASP was founded, we have had the Jones Report, the Dunne Commission Report, and the most recent, the Cashin Report. These reports and the many that preceded them represent valiant attempts to "solve" the problems in the fishery.

These reports have all talked about rationalizing the industry: matching processing and harvesting capacity to resources, improving quality and landing pattern, creating more work for plants throughout the year, not just in June or July. And yet these



reports have respectively failed in "solving" the industry's problems. The best evidence of that is we are here again, to ask more questions and seek more answers. We have been asked to respond to three questions.

1. What are the basic issues, challenges and opportunities in the harvesting-processing-marketing sectors of the industry?

We must be considered and permitted to operate as businesses, not branches of government, social programming or employment schemes. On the release of the Dunne Commission Report the provincial government said the primary objectives of the fishery would include:

- Provide the conditions for a stable and competitive processing sector to exist with minimal public support;
- Promote cooperation to optimize total returns from processing available resources.

We said all that, but we neither believed nor embraced it. Instead, we have done things as of old, and we are getting the same result. That should not surprise us. We have doubled the

value of the fishery from the groundfish days, and instead of increasing incomes and seasons, we have shortened seasons, we have cut incomes, because we have added capacity over and over again, and we are still doing it.

We require support for a marketing initiative. The tourism and fishing industries in Newfoundland and Labrador are now in the same neighbourhood in terms of economic contribution to the province. We need a government marketing initiative that supports the fishery just as it supports tourism. We need research into Asia and the former Soviet Union.

We need better promotion of seafood. But a caution — it will not do to promote seafood in a dysfunctional business that cannot guarantee supply to customers. It will not matter to put millions into seafood promotion when the fishery is shut, or when we are forced to conduct fall fisheries for crab that the market prefers not to have, or when producers are expected to fight on the wharves to secure supply, yet cooperate in the marketplace to move product. We cannot fix one area of the fishery and expect the rest of the business to get fixed or made sustainable by that. So in light of that...

2. What are the best options for the government to consider in order to help the industry address the challenges and the opportunities?

Tackle the overcapacity. A processor said to me yesterday, and I quote: “The challenge is to bring capacity in line with resource... government needs to say that capacity reduction is essential and it must practice what it preaches. No more calls for proposals to reactivate this or that. And restructuring cannot be done piecemeal.”

Government’s primary role is to serve as a catalyst to let the fishery modernize. Government must adopt as its primary focus putting the fishery on a sound economic footing, by letting it operate as a business, by letting it rationalize as a public policy. That will entail either active or benign support for rationalization. It is inconceivable that we are sitting here talking about a crisis in the fishery when once again it will be at an historic high in terms of landed value.

The reason we are having a crisis is because we are expecting the fishery to carry 37 crab plants, and a dozen or more shrimp plants, and tens of dozens of groundfish and pelagics plants. We must break the cycle of false hope by adopting a rationalization program and putting in place funding to help those affected. At some point, government and the people in affected communities must be protected from the delusion that 10 weeks’ work is enough.

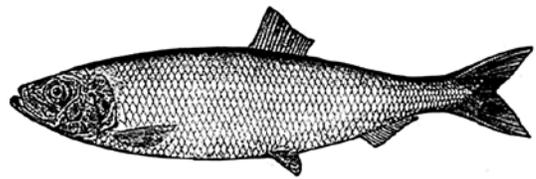
3. Taking into consideration the availability of fish resource and market conditions, what should the Newfoundland fishing industry look like in the future in terms of structure, operating conditions, employment, incomes and so on?

The fishery should be reduced in terms of processing capacity and harvesting capacity. Employment should be increased for those

remaining in the fishery. Incomes should be up for those remaining in the fishery. Wealth creation is not the same as job creation. The new fishery will be rationalized, efficient, modern, diverse, operate for longer seasons, and provide a high-quality seafood product.

The marketing difficulties are for the most part a result of the compressed season brought about by overcapacity. There is wealth in the shrimp resource.

We can’t keep doing things the way we’ve always done them and expect a different result. We must change how we perceive the fishery and what we expect from the fishery. If not, the best hope we all have is to be a consultant to the fishery in crisis in another five, 10, or 15 years, writing a report on how we can stabilize things, make the fishery work, or get it open. The fishery can be more dynamic and self-sustaining. To achieve that, we must make some difficult decisions. ■



That leads me to 10 Principles for a Modern and Sustainable Fishery:

1. Immediately impose a licence freeze until the resource thresholds in Dunne are met;
2. Bring capacity in line with resource: rationalize harvesting and processing via
 - a. Free market OR
 - b. Public policy instruments;
3. Implement early retirement only in consultation and agreement of all stakeholders;
4. Support a marketing initiative;
5. Abandon employment maximization as an objective in the fishery. It’s unfair and impractical for Tim Hortons, it’s ill-advised in government, and it’s wrong for the fishery;
6. Abandon the common-property resource approach for the fishery (it is a myth anyway) and replace it with an ITQ fishery. Fishers make the investment just as farmers do: give them their fish;
7. Abandon false hopes and promises. We need to be realistic. That includes taking on the myths of “rural Newfoundland IS Newfoundland,” or “the fishery IS Newfoundland;”
8. Commit to making the difficult decisions;
9. Commit to the science, and sound management by DFO. The latter means tackle soft shell, fall fisheries and resource quotas with the right decisions;
10. Government to be our ally. That sounds simple, but that is not where we are.

E. Derek Butler is Executive Director of the Association of Seafood Producers in Newfoundland and Labrador. This article is based on his presentation to the Fisheries Summit in St. John’s in May 2006.