

Rural Works: The Success and Resiliency of the Fishery and Communities in Newfoundland and Labrador

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Overview of the Province

- Total Population of approx. 500,000
- There are 600 communities. Vast majority located along the coast and historically reliant on access to the fishery.
- The fishery is the largest sector for employment. It provides direct employment to approximately 20,000 people. Indirectly approximately 80,000.



The Establishment of the FFAW

- In 1969 the FFAW was established to break the merchant/corporate economic model of the fishery.
- Over the next 15 years, up to 25,000 fishers, plant workers, and trawler workers joined the Union.
- The Union's efforts led to the establishment of legislation that formerly granted collectively bargaining rights to the Union.

Fleet Separation Policy - 1979

- In the late 1970s the 200-mile limit was established to Canadianize the fishery.
- Fisheries Minister Romeo LeBlanc understood the struggles of the inshore harvester against corporate interest and the concerns over vertical integration.
- Fleet separation policy established that, going forward, processing companies could not acquire new fishing licenses and be granted quota. The licenses that already existed could continue.

Fleet Separation Policy

- Fleet separation laid the foundation for the economic growth of harvesters and rural communities:
 - It ended any possibility for vertical integration, which would have put the fate of fish harvesters in the hands of processing companies.
 - It strengthened the independence and bargaining power of harvesters. Processing plants have to purchase from inshore harvesters, forcing the processors to compete for product, which has a positive effect on prices.
 - Fish harvesters are enshrined as an integral, and unreplaceable, part of the supply chain.

Owner-Operator Policy - 1988

- Owner-Operator policy states that the owner of a fishing license must personally fish that license. It addressed some loopholes from fleet separation:
 - There were ongoing concerns with resource rent – harvesters fishing a quota that belonged to someone else for a fee.
 - It ensured that the benefit of the resource flowed primarily to those who were actively engaged as a fish harvester.

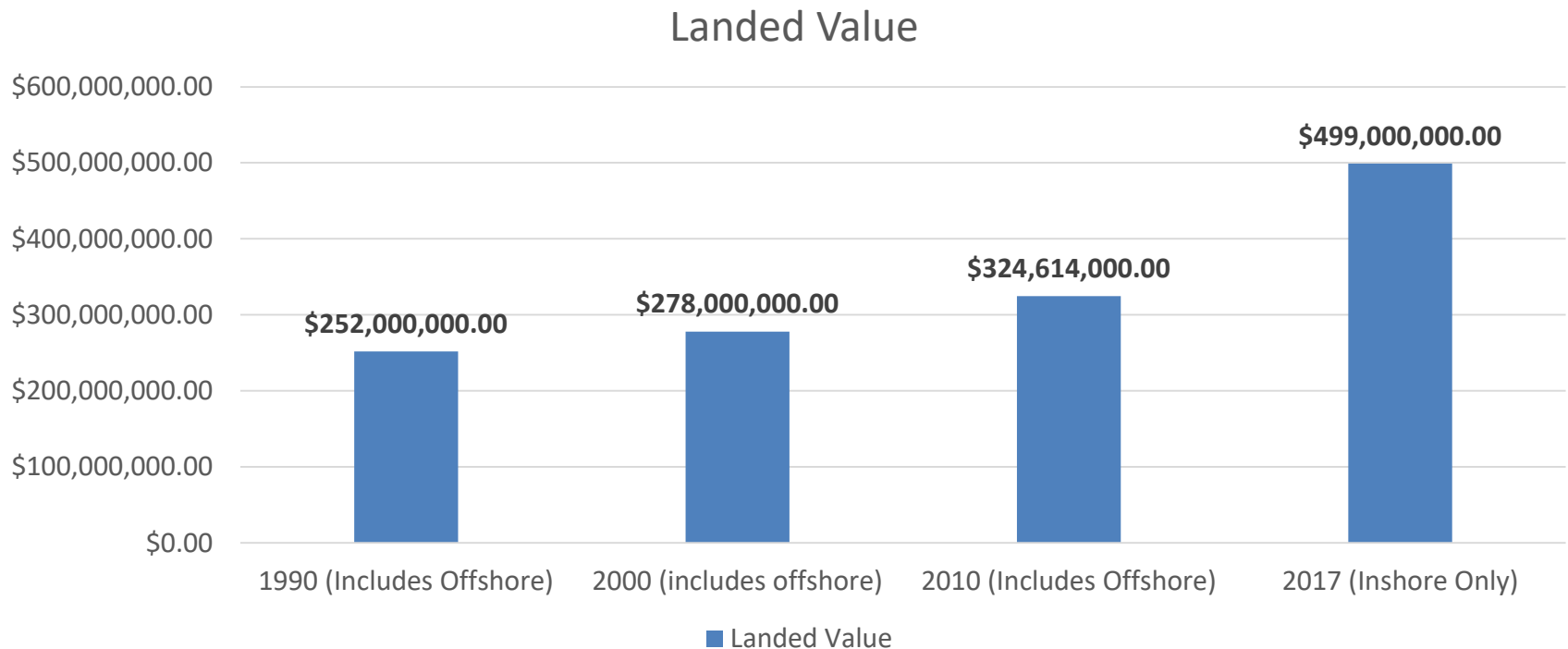
The Economic Benefits of Both Policies

- The vast majority of the rural, coastal economy of the province is built around these two policies.
- The policies have kept thousands of good paying jobs in coastal communities.



The Economic Impact of the Union – Landed Values

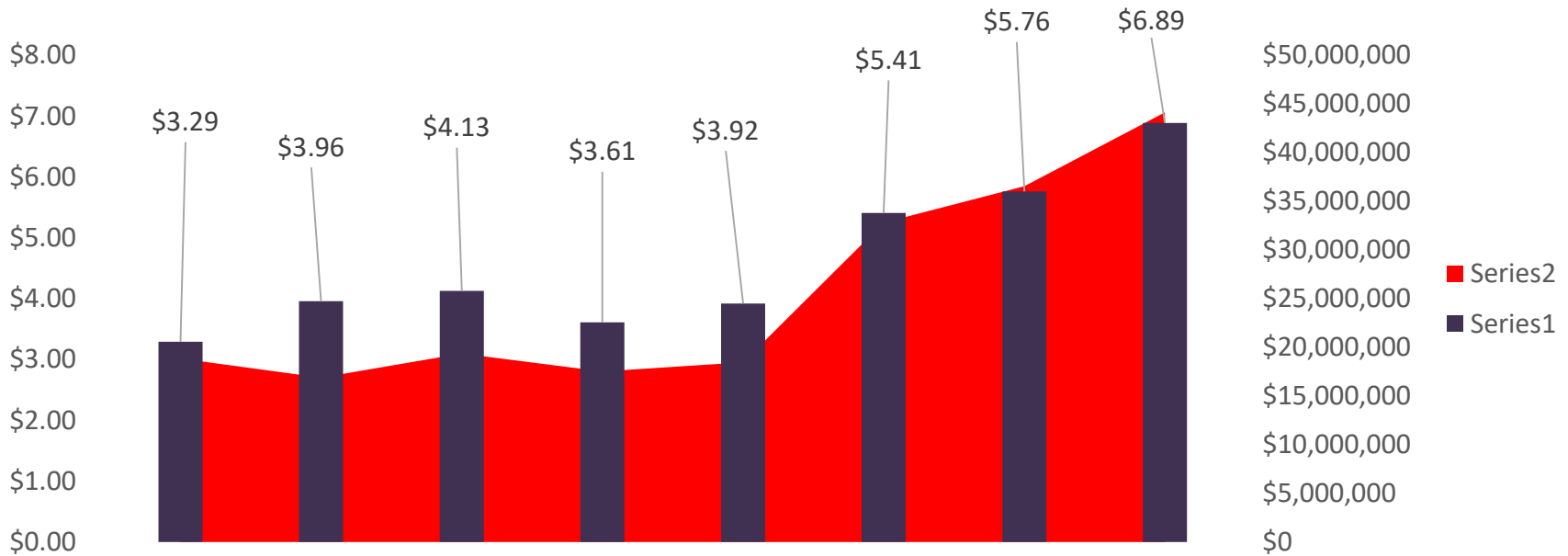
Due to high negotiated prices, landed values have increased significantly. This value flows through and benefits coastal communities because of fleet separation and owner-operator.



The Economic Impact of the Union – Value of Negotiation

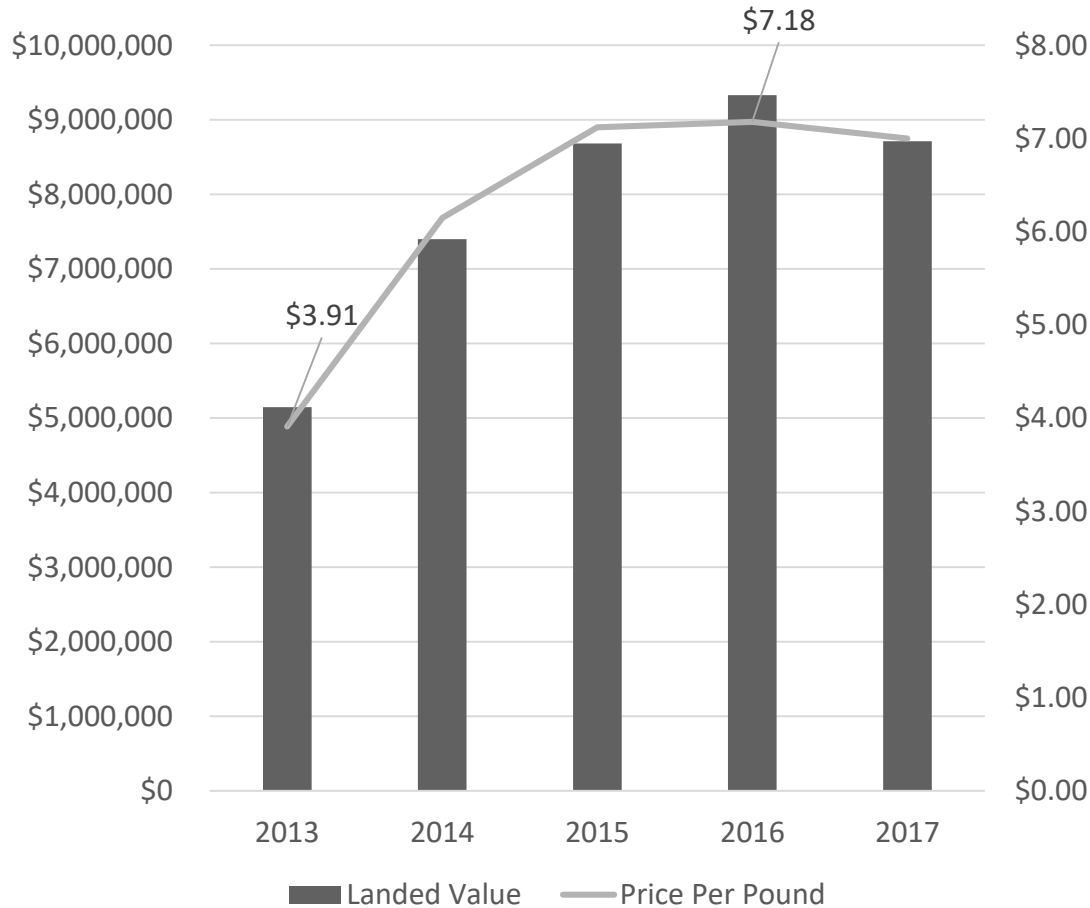
- A strong inshore fleet allows for the development of strong and innovative negotiated agreements.
- Over the past 7 years, we have established collective agreements in halibut and lobster that guarantee harvesters an increased share as the market grows.
- The results have been tremendous.

Lobster – Landed Value and Average Price Per pound 2010-2017



- Since 2010, the landed value for lobster has increased by 134%, while landings have only increased by 12%.

Halibut – Landed Value and Price Per Pound 2013-2017



- Between 2013 and 2016, landed value increased by 81% and price per pound has increased by 84% despite little increase in quota.

A Strong Inshore Fleet is Essential for securing a fair share

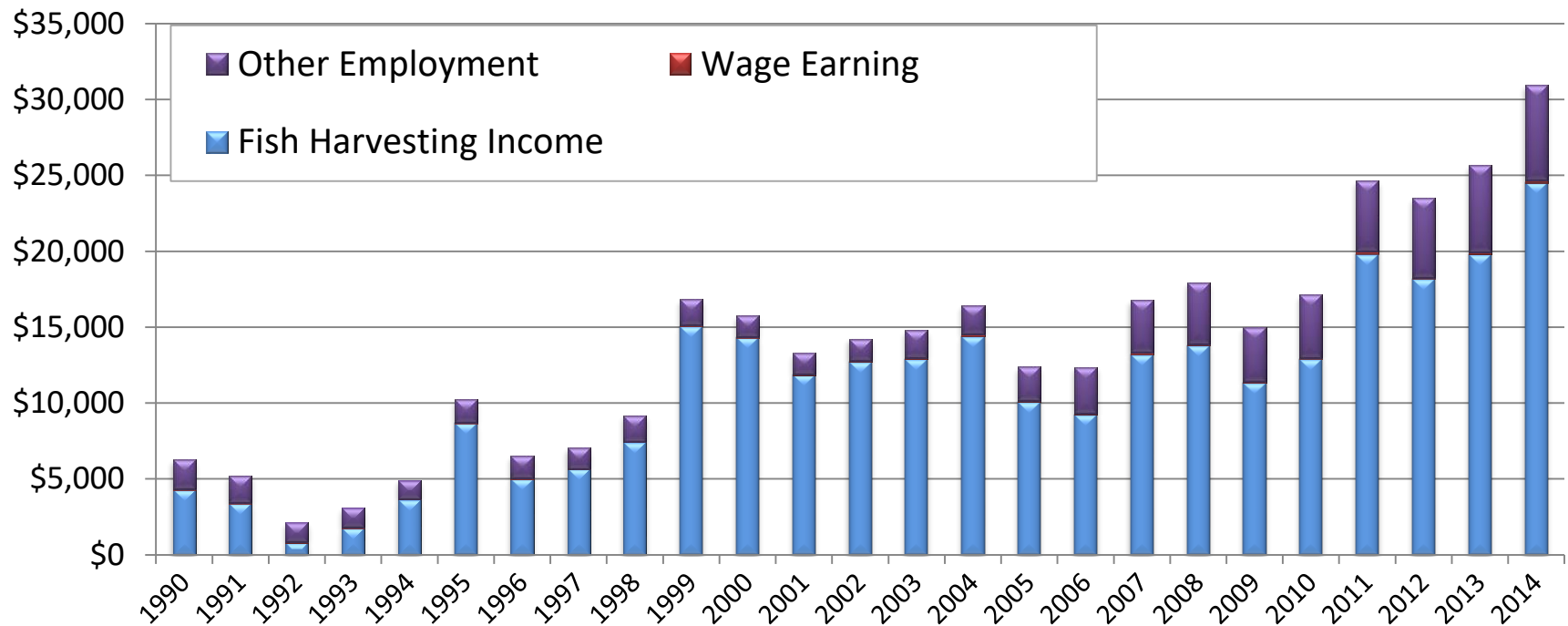
- Over the past 4 years, lobster prices have skyrocketed. Our Union has made sure the harvester receives an improved share.

Snow Crab – Price Per Pound and Landed Value, 2010 to 2017



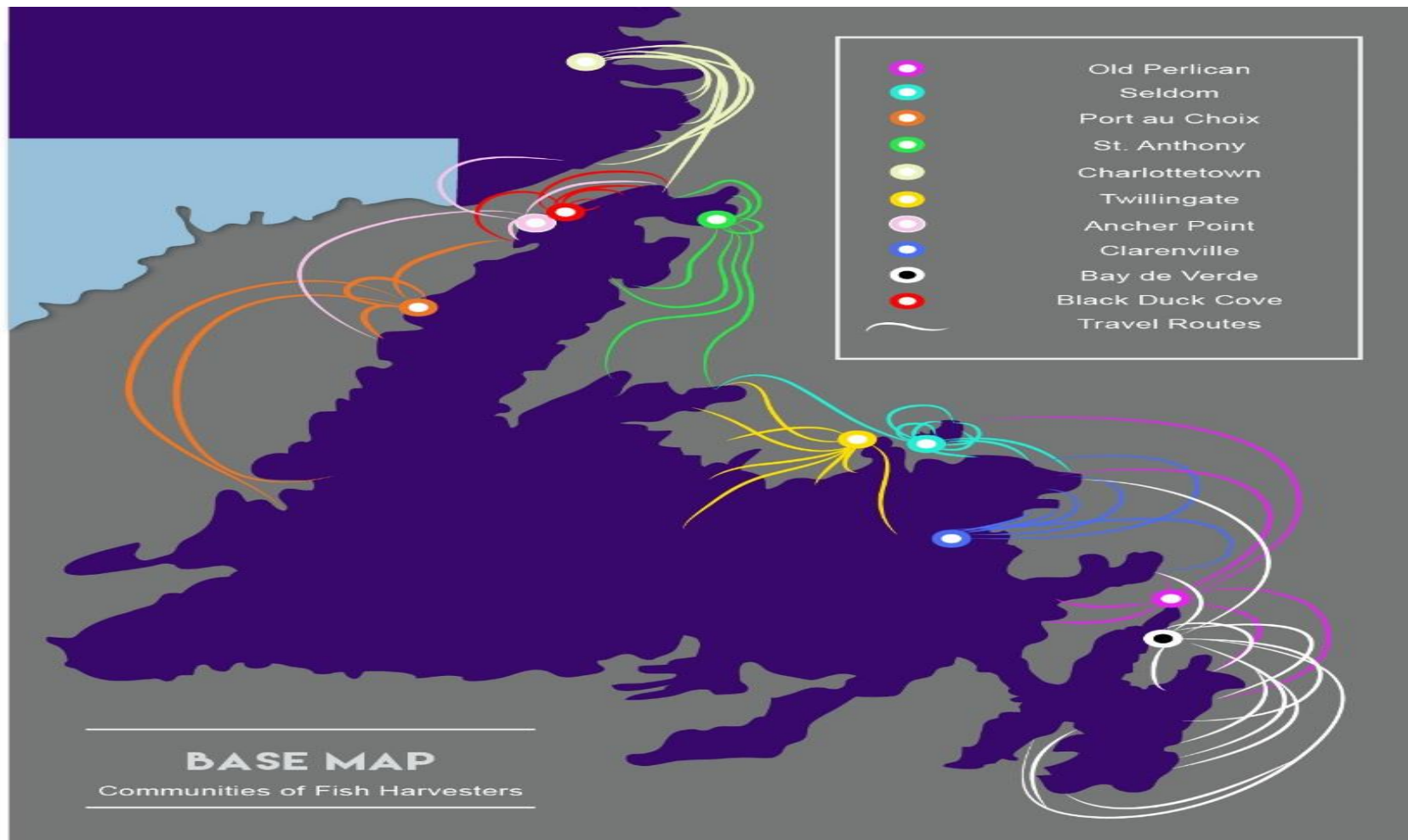
The Economic Strength of Fish Harvesters

- Owner-Operator and Fleet Separation allowed the fishery to be rebuilt after the catastrophe of the moratorium.



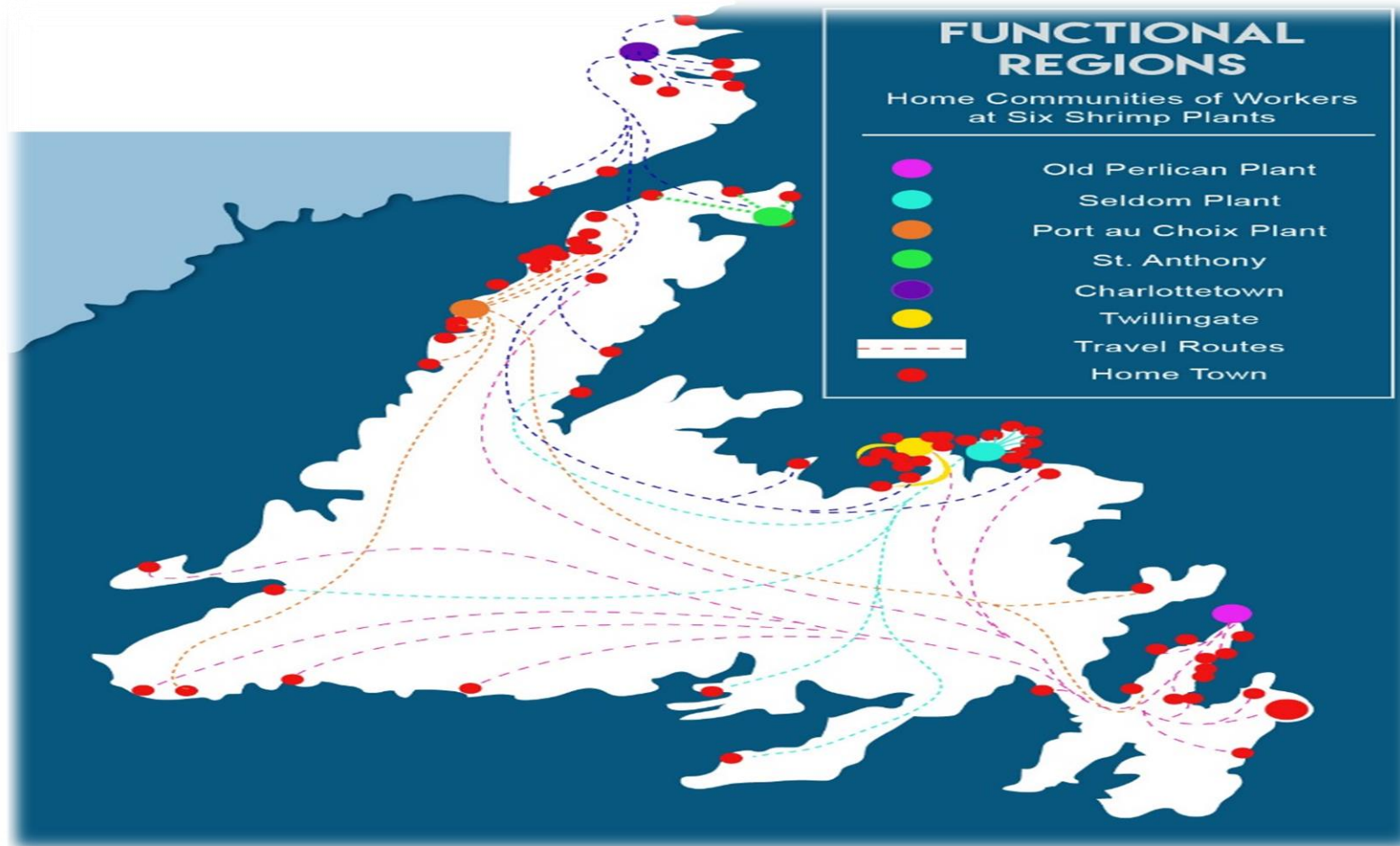
A Functional Provincial Economy Built Around the Fishery – Example Shrimp

- The landing of fish shows the interconnectedness of the fishery in the province.



A Functional Provincial Economy Built Around the Fishery – Example Shrimp

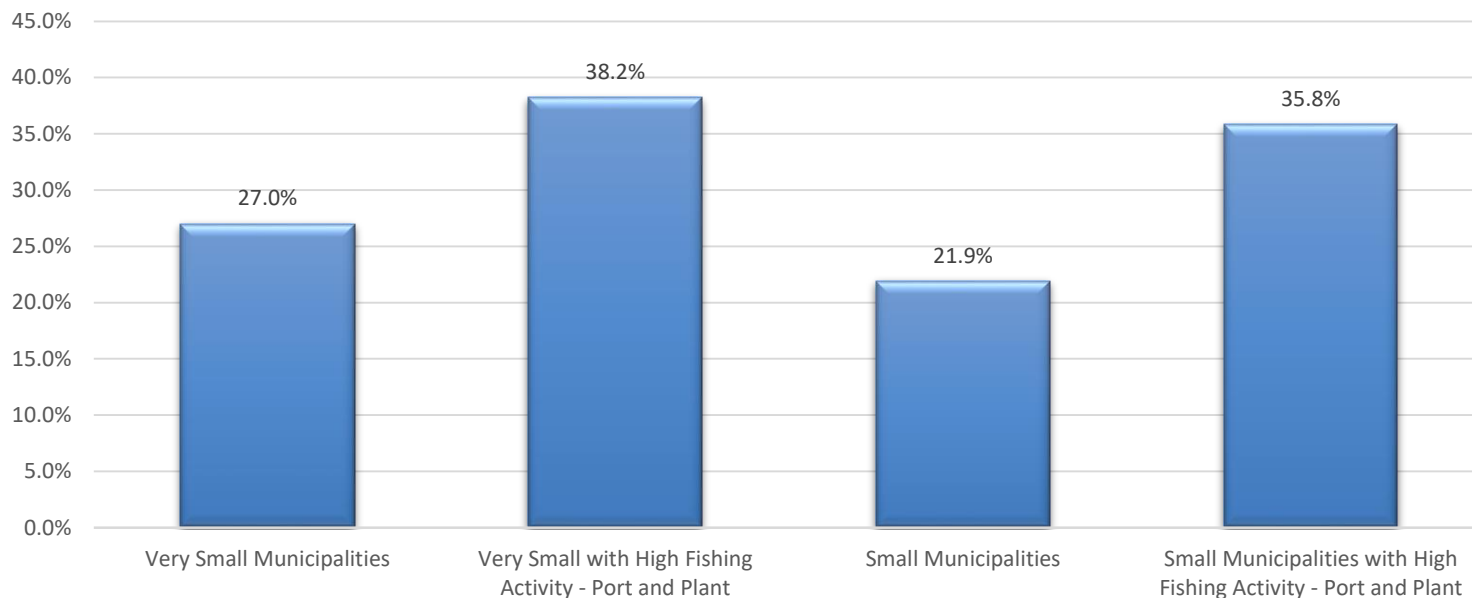
- Workers from across the province travel to work at plants that exist because of owner-operator.



A Functional Provincial Economy Built Around the Fishery

- Our small communities survive and fall based on fishing revenue.
- Very small municipality – fewer than 500 residents
- Small municipality – between 501 and 1000 residents

Percent of Local Taxation Collected from Commercial Taxes



Owner Operator, Fleet Separation and Corporate Interests

- Many processing companies, mostly those with significant offshore quotas, do not support owner-operator and fleet separation.
- These companies have shown no loyalty to communities and harvesters and would prefer vertical integration to boost corporate profits.
- To establish a *de facto* form of vertical integration, processing companies in the mid-1990s began to use a legal tool called a “Trust Agreement”, also known as a controlling agreement.

Controlling Agreements

- A controlling agreement grants a company control over almost every aspect of a fishing license, though the license remains in the name of a harvester. The company pays for the license through the harvester.
- When in a controlling agreement, the harvester does not have any control over:
 - When to fish;
 - Who fishes the licenses and on what vessel;
 - The price paid for the fish landed as part of the license;
 - The transfer or sale of a license. This limit applies to a harvester's estate once he/she is dead.
- If a harvester complains about the controlling agreement, the license is transferred to another, more agreeable, harvester.

Controlling Agreements

- It is uncertain how many controlling agreements exist, but there are more than a few.
- The influx of corporate money into the marketplace for inshore licenses has warped the market.
- The prices of licenses is massively inflated, squeezing out the opportunity of new entrants and creating other, unforeseen consequences in how licenses are managed.
- Harvesters identified the problems of controlling agreements to DFO in the late 1990s. Little was done.

Policy for Preserving the Independence of the Inshore Fleet in Canada's Atlantic Fishery (PIIFCAF)

- Created in 2010, PIIFCAF is to provide greater enforcement of the owner-operator and fleet separation policies.
- DFO now had a mandate to review fishing licenses to determine whether they were part of a controlling agreement.
- DFO established indicators that could result in a license being placed under review. Licenses under review were subject to more restrictions.
- If a license was found to be in a controlling agreement, that license would not be renewed and would be removed from the fishery.

PIIFCAF and Corporate Challenges

- Companies were quick to challenge PIIFCAF. They asked one harvester to disclose that he was in a controlling agreement in order to challenge the process.
- They said it was about the livelihood of harvesters; it was really about corporate control.

transfer the licence to a design

In his Federal Court affidavit, Elson said he could not afford to fish without the arrangement and to end it would deprive him of his livelihood of 50 years.

Elson is being represented by one of Canada's biggest law firms, McCarthy Tétrault of Toronto.

CBC News was unable to reach Elson and McCarthy Tétrault did not respond to a request for comment. The processing industry's Association of Seafood Producers, which submitted an affidavit on behalf of Elson, also did not respond to CBC News.

PIIFCAF and Corporate Challenges

- The federal government prevailed in the judicial challenge by the corporate interests.
- In her decision, Justice Strickland wrote the following:

The Minister strongly believed that an independent inshore commercial fishing fleet was an important element of an economically prosperous Atlantic Canada and that the Policy underscored the government's commitment to building a foundation of economic strength for Atlantic Coastal Communities.

- This decision will be heard by the Federal Court of Appeal this Spring. The companies will have a hard position to argue against.