

**Presentation to
The House of Commons
Standing Committee on Fisheries and Oceans**

**by
The Honourable Yvonne Jones
Minister**

May 7, 2003

(Check Against Delivery)



Department of Fisheries and Aquaculture
Government of Newfoundland and Labrador

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Introduction:

Welcome to our beautiful province and thank you for the invitation to meet with you to discuss important matters in the Newfoundland and Labrador fishery. As you will see during your deliberations today, you have come at a critical time in the history of our fishing industry.

I understand that while you are interested in the broad scope of fisheries issues, today, you would like to focus on some key issues facing the industry. Therefore, my comments will be directed at the most important issue facing our fishing industry today, that is, the closure of cod fisheries by the Government of Canada. I will also use the opportunity to comment on:

- seal management;
- the federal vessel replacement and fleet separation policy;
- DFO science;
- the role and importance of women in the fishery; and
- the federal Atlantic Fisheries Policy Review.

The Context - The Importance of the Fishery

While I appreciate that the committee is very familiar with the Newfoundland and Labrador fishing industry, I would like to highlight a few facts to reiterate its importance to our province; and indeed to all of Canada.

1. The fishing industry was the driving force behind the settlement and the culture of our province. It provides the economic base for hundreds of communities, and thousands of fish harvesters and plant workers. In 2002, the industry had a production value of over \$1 billion.
2. Over the past ten years, the industry has been transformed from a groundfish dominated industry to one dominated by shellfish. Shellfish represented \$421 million (or 82%) of the total landed value; mainly from the crab and shrimp fisheries. It is important to note however, that cod remains critically important to many fish harvesters, plant workers, and plant owners.
3. The fishing industry remains the largest employer in the province. Approximately 27,000 individuals earn their living directly from the fishery. Many more are indirectly employed by the fishery. These include workers in the transportation industry, ship building, and supply and service industries.
4. We process 40 different species and market them to 39 different countries; with the bulk of export to the US, China and Japan.
5. In terms of employment and overall dependence, the Province of Newfoundland and Labrador is the most dependent of any province in Canada on its marine fish resources.

Cod Fisheries Closures

The decision by the Government of Canada to close the Northern and Northern Gulf cod fisheries was a catastrophic event in the history of our province. Despite what some have said, these closures will have a longstanding and profound impact on the fishing industry generally, and, in particular, on those individuals and communities who rely on these fisheries for their livelihood. It will also have a negative impact on fish plant owners who have made a significant investment in - and commitment to - the communities in which they operate.

When the Department of Fisheries and Oceans do the right thing, such as the conversion of crab permits to licenses, we are supportive. However, when they make decisions which are fundamentally wrong, we must ask them to reconsider. This is the case with their decision to close the cod fisheries.

If the decision to close these fisheries is not reversed, our analyses has shown that the impacts will include:

- the loss of direct employment and income for approximately 4,400 harvesters and plant workers;
- an annual loss of \$35 million in exports and \$43 million in GDP;
- a loss of \$48 million in personal income per year; and
- a significant impact on female fish harvesters and plant workers.

The end result will likely be the out-migration of many workers and their families. This will have disastrous consequences for our rural communities.

We take great exception to the decision to close these fisheries, and the way in which the decision was made. It was done against the recommendations of the Fisheries Resource Conservation Council - Minister Thibault's own advisory body - and the Newfoundland and Labrador All-Party Committee on Cod Fisheries. Both these groups recommended the continuation of limited and restricted cod fisheries as part of a package to help rebuild fish stocks, and bring stability to workers and communities.

All-Party Committee

Since DFO announced (without consultation) last November that cod fisheries may close, we have been actively engaged in a Newfoundland and Labrador All-Party Committee process to prepare a framework for the rebuilding of cod fisheries. This action, which included representatives from all parties in the Newfoundland and Labrador House of Assembly, NL members of the House of Commons and the Newfoundland and Labrador Senators, was unprecedented in the history of our province. I take this opportunity to thank John Efford for his hard work as Chairperson of the All-Party Committee.

After four months of difficult and challenging work, the All-Party Committee prepared a sound framework for the management of our cod fisheries. The recommendations, though difficult, were

necessary to help put the cod fishery on the road to recovery, and at the same time preserve a limited fishery. Sixteen of the committee's 22 recommendations were rejected outright; the others were only partially accepted.

We have already made a presentation on the committee's report to this committee on March 17, 2003 - the same day we presented the report to the Government of Canada; therefore, I will not discuss the committee's recommendations in detail. However, I would like to highlight some of the most significant recommendations contained in the report:

- We called for limited cod fisheries in fishing areas 2J3KL and 3Pn4RS. A key feature of these fisheries would be their role in providing information to scientists to help improve the rebuilding and future management of this cod stock. **Our recommendations were rejected.**
- The committee recommended the preparation of recovery plans for the Northern and Northern Gulf cod stocks. These plans are critical for the future of the cod fishery. We gave the Government of Canada the key elements of a plan; they choose to reject our ideas.
- We recommended that DFO increase its level of funding for scientific research. A healthy fish resource - and fishery - demands a high level of scientific information. We have seen DFO's budget for science erode over the past few years. They are being squeezed to do more with less. For example, DFO has taken on a greater scientific role as part of its oceans mandate, yet has not increased its resources to the expanded mandate. We are very concerned that if cod fisheries are closed there will be less interest in maintaining the research necessary to reopen them in the future.
- The All-Party Committee also recommended that governments work in partnership with industry to evaluate the benefits of cod stock enhancement and special area status as part of stock rebuilding efforts. These recommendations were also rejected.
- Finally, the Committee identified a number of recommendations to help diversify and develop the fishing and aquaculture industries. There are opportunities related to new species, quality enhancement, product and market diversification. There are also opportunities in the aquaculture industry. We also identified diversification opportunities outside the fishery. In doing so, it would reduce the dependence on the fishing industry. Sadly, these recommendations too were rejected.

As a concluding comment on the federal decision to close cod fisheries, I would like to quote the last line in our All-Party Committee report. It said:

The members of the All-Party Committee look forward to working with the federal government and the Newfoundland and Labrador fishing industry stakeholders to address the challenges that lie ahead.

We believed that our report to the Government of Canada would be the start of a true partnership on the future of the cod fishery. We thought we would have the opportunity to further explore our

recommendations with the Government of Canada. We were mistaken. We were never asked to work with the federal government on any of our recommendations. The decisions made by the federal government were done unilaterally, without any consultation with us or the fishing industry. This is not a partnership; it is not the way to rebuild fish stocks, or to manage a fishery. It was disrespectful, paternalistic, and arrogant. The Province of Newfoundland and Labrador and our fishing industry deserve better.

The decision to close cod fisheries has once again highlighted the need for a joint management arrangement between the Government of Canada and the Government of Newfoundland and Labrador over our fishery. It has been a longstanding position of the Government of Newfoundland and Labrador that we need an adjustment to the current jurisdictional arrangements over the fishery. It should not be possible for the Government of Canada to make decisions, as they have done on the cod fishery, without consultation with the Government of Newfoundland and Labrador. Our Province must not be excluded from the decision-making process.

The timing of the decision to close the cod fishery took place at an interesting time. My department is currently working with DFO and all provincial and territorial fisheries and aquaculture departments to review the success of the Interjurisdictional Agreement on Cooperation signed in Quebec City in 1999. This agreement was based on principles of cooperation, timely consultation, and information sharing before announcements. Given the approach by the federal government on the management of cod fisheries, much work needs to be done to improve our federal-provincial partnership for a sustainable, viable, and prosperous fishery. My door is open.

What We Want

- We want the cod fishery in the Northern Gulf area re-opened, consistent with the advice given to the federal minister by the Fisheries Resource Conservation Council.
- We want an **immediate** extension of EI benefits for those whose benefits expire before a longer-term adjustment program can be implemented. (*An estimated 53 per cent of the fish harvesters exhausted their EI at the end of April; as many as 98 per cent will have exhausted benefits by June.*)
- We want a dramatic expansion of the adjustment program that was announced. We want a long-term adjustment program that at the very minimum includes:
 - ▶ an early retirement program,
 - ▶ licence buyout for fish harvesters, and
 - ▶ a meaningful, long-term strategy for economic diversification and growth.
- We want a concrete plan to rebuild the cod stocks.
- We want scientific assessment of the Northern Gulf cod stock (3Pn4RS) to be conducted in **this** province by DFO's Newfoundland Region.

The Government of Newfoundland and Labrador will continue to apply political pressure to achieve these objectives. We seek the support of the Standing Committee on this serious matter.

Women in the Fishery

As Minister Responsible for the Status of Women, I would like to use this opportunity to bring to your attention the need to understand and address the impact that fisheries closures, and resource reductions, have on women.

While harvesting has traditionally been a male dominated occupation, there have been significant increases in the number of women in paid harvesting employment over the past decade. Data indicates that 22% of the province's fish harvesters are female. Since many women are newer entrants, they would be less likely to meet eligibility requirements for traditional compensation and adjustment programs.

Women continue to play the more significant role in the processing sector of the industry. On a regional basis, from 39 to 62 percent of plant workers are women. The distribution of workers has changed since the groundfish moratoria, and there is now an increased proportion of men working in processing plants. Men tend to hold management and technologically advanced positions in plants. These positions are more likely to remain after professionalization and downsizing of the plant workforce. While, women are more likely to lose work through reductions in seasonal and part-time employment.

There are few employment alternatives available in rural areas, and it is likely that women displaced from fish plants will have the most difficulty finding other work. Their ability to access employment and educational opportunities is further limited by family and childcare responsibilities which makes them less mobile.

For these reasons, government must ensure that adjustment and assistance programs address the special needs that women face within the industry.

Seal Management

I would like to take a moment to discuss another very serious issue facing the province's fishing industry, namely, the over-populated seal resource, and the need to take immediate and effective action to reduce the impact seals are having on the recovery of fish stocks.

The Government of Newfoundland and Labrador, the fishing industry, the All-Party Committee and the FRCC have all called on the Government of Canada to implement a plan to significantly reduce the over-populated seal resource. Clearly, the seal population is out of balance within the marine ecosystem. I thank Minister Thibault for his decision to increase the seal TAC, and his decision to establish seal exclusion zones. However, we do not believe that these measures alone will be sufficient to address the magnitude of the seal problem.

There is a wealth of evidence to support the view that seals are a major contributor to the lack of recovery of fish stocks. This has been recognized by numerous fisheries scientists, industry participants, and any knowledgeable observer of the fishing industry. Some anti-sealing groups will never accept that seals are causing an imbalance within the marine ecosystem. We cannot let these groups prevent us from making the right decision. The federal government must prepare a plan to reduce the seal population to a level that will support the rebuilding of cod stocks, and support a sustainable sealing industry. In addition to seal exclusion zones, it should include initiatives to assist industry to fully utilize the seal resource through product, market and trade development efforts.

Fleet Separation Policy and Vessel Replacement Policy

I would like to take a few moments to discuss two important DFO policies which impact the province's fishing industry - the fleet separation policy and the vessel replacement policy.

On the matter of the fleet separation policy, over the years there has been the evolution of an independent harvesting sector, and a separate processing sector. Fish harvesters are successfully developing their image as professionals within a sustainable and competitive fishing industry. This development has been supported by the federal fleet separation policy for vessels under 65 feet. Under this policy fishermen own and control their licenses. The policy has served the industry well. In recent years there have been efforts to change this policy to allow others to own or control licenses. We do not support such changes.

The Government of Newfoundland and Labrador continues to support the maintenance of an independent fleet of fishing vessels operated by professional fish harvesters. Any change in the policy must not be undertaken without the support of fish harvesters.

On the matter of the vessel replacement policy, it is important that the policy reflect the changes that have occurred within the industry over the years. Due to changing resource and market conditions, fish harvesters are venturing further from their home ports, fishing longer seasons, often in difficult weather and oceanographic conditions. Despite DFO's efforts in identifying new vessel replacement rules, these rules have not met the requirements of the industry.

The safety of harvesters has been a primary concern of my Department for many years. Vessels originally designed for use in the inshore sector now venture outside the 200-mile limit. This has significantly changed the operating environment resulting in harvesters fishing in vessels outside the original design parameters. Harvesters must be able to choose the platform necessary for them to work safely. As well, most fishing enterprise owners have built equity in their companies. The decision on a suitable fishing platform should be a business decision and not regulated by government. Federal vessel replacement policy must be flexible to meet the requirements for safety, economic performance, and comfort.

In summary, we propose that three new principles be added to the proposed changes to the federal vessel replacement policy:

1. Changes in vessel size must allow compliance with Occupational Health and Safety Regulations.
2. Allowances must be made for proper fish handling and storage systems onboard vessels.
3. The current fleet separation policy and restriction on Atlantic-wide quotas must remain in effect, even if inshore vessels go beyond 65'.

Atlantic Fisheries Policy Review

In 1999, DFO commenced the Atlantic Fisheries Policy Review. This is the first time in about 25 years that the Government of Canada has conducted such an extensive review of Canada's Atlantic fisheries policy. Given the changes within the fishing industry, fisheries management, fish stocks, and the globalization of the industry, the review is long overdue.

We have been active participants in the review process. We appreciate the efforts of the Department of Fisheries and Oceans to ensure that provincial and territorial government are kept involved in the process. It recognizes our position as important stakeholders in the fishing industry.

Given the limited time available for our discussion today, I will focus my comments on one critical aspect of the Atlantic Policy Review Initiative; that is, the access and allocation policy.

As we all know, fish resource access and allocation is the single most controversial issue within fisheries management, not only in Canada but throughout the world. Its discussion within the Atlantic Fisheries Policy Review has been no exception.

To assist in addressing the issue, as part of Phase One of the review, DFO established the Independent Panel on Access Criteria. My department, and industry stakeholders consulted with the panel on this issue on several of occasions. In all our consultations and correspondence we stressed that, following conservation, adjacency to the resource must be the primary criteria for access. This should be followed by the historical/economic dependence criterion.

Among other criteria, the IPAC recommended that access should be based on equity; and this criterion should supersede the adjacency criterion. Equity, in our view, is a very nebulous concept. It does not provide the transparency and certainty that the industry or provinces require to manage and develop their fisheries. While the policy framework has not been finalized by DFO, it appears that they will include the IPAC's recommendations on access criteria as part of the new framework.

I state clearly and emphatically, that the Government of Newfoundland and Labrador will never accept decisions by the Government of Canada that will see fish resources adjacent to our province utilized for interests other than citizens of this province. We will never accept access and allocation criteria that erode our access to, and benefits from, adjacent fish resources.

Foreign Overfishing

I use this opportunity to give you my sincere thanks for your committee's hard work and dedication to resolving the serious problem of foreign overfishing of straddling fish stocks on the nose and tail of the Newfoundland Grand Banks. You have done an admirable job of researching and presenting good recommendations on the ways to solve the problem. Your work is helping to shine a national light on this most serious problem affecting the future of fish stocks and the fishing industry. I also thank you for supporting us on our position on the need to implement a custodial management regime for straddling fish stocks. We believe that, with the support of the Government of Canada, a custodial management arrangement can be an effective means to achieve fish stock recovery and future management.

We are disappointed that the Government of Canada did not give your recommendations more serious consideration. We welcome your continued support as we press the Government of Canada and the international community to take the necessary measures to rebuild and protect these valuable fish resources. We must continue to make this a national priority.

Conclusion

Thank you once again for taking the time to visit our province to discuss - firsthand - the challenges and opportunities within our fishing industry. I look forward to working with you, the Government of Canada, and fishing industry stakeholders to ensure that our renewable fish resources remain strong to benefit the Province of Newfoundland and Labrador, and indeed Canada.