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Fish Processing Licensing Board Meetings

April 12-14, 2022

Board Recommendations

Dear Minister Bragg:

The Fish Processing Licensing Board (Board), held a meeting in St. John's from April 12-14, 2022. The Board considered six applications that were comprised of the following:

- Transfer of a primary processing licence for sea cucumber from Labrador Gem Seafoods Inc., Ramea, to Barry Group Inc., Witless Bay;
- Addition of snow crab to an existing primary processing licence for Bay Roberts Seafoods Limited, Bay Roberts;
- Addition of snow crab to an existing primary processing licence for Codroy Seafoods Limited, Codroy;
- New primary processing licence for groundfish (all species), pelagics (all species), sea cucumber, lobster, snow crab, and whelk for St. Mary's Bay Fisheries Inc., St. Mary's;
- Addition of snow crab, sea cucumber, and sea urchin to an existing primary processing licence for HSF Ocean Products Ltd., O'Donnells;
- Increase in purchasing of snow crab from one million pounds per year to two million pounds per year for Dandy Dan's Fish Market Ltd., Argentia.

In the last year, four of the previous snow crab applications were deferred while the Board did its due diligence on the health of the stock, including meetings with scientists from Fisheries and Oceans Canada both last year and last week. The Board also took the time to develop a protocol on how to move forward with additional licences. The Board's decisions have come after a year of carefully looking at the industry, discussions with scientists, and consultations with industry representatives. The Board is confident that these recommendations properly reflect our mandate for regional development of processing and take into account our responsibilities to address the issue of corporate concentration.

Overall, the outlook on the snow crab fishery is positive in most areas during the next 4 years and beyond, with pre-recruit abundance indices remaining favorable. The 2022 Total Allowable Catch (TAC), for snow crab is 50,471 tonnes, while in 2010 it was 56,064 tonnes. In 2010, there were 36 plants licensed to process snow crab and in 2022 there are 25. In 2019, the snow crab TAC reached its lowest point at 26,894 tonnes. Since that time, the TAC has nearly doubled to 50,471 tonnes. In the last two years alone, the TAC has increased by 20,920 tonnes or approximately 46 million pounds. In 3Ps, the TAC has increased by approximately 10 million pounds in the last two years. We believe that these recommendations can easily be supported by this healthy biomass.

The Board's recommendations also took into account the history of the St. Mary's plant and the important role the crab plant always played in the economic growth of that region. They had a pelagics (all species), and snow crab primary processing licence until March 31, 2017. The Board believes that in today's industry, with the quotas as

high as they are, in particular with significant increases in 3Ps, that this licence should be issued. The proposal before the Board is sound and will provide economic stability to that region.

The Board is making the following recommendations:

1. Labrador Gem Seafoods Inc., Ramea, has a primary processing licence for groundfish (all species), pelagics (all species), scallop, whelk, sea cucumber, lobster, lumpfish, and sea urchin. Labrador Gem Seafoods Inc., has requested to transfer a primary processing licence for sea cucumber from Ramea to Barry Group Inc., Witless Bay. Labrador Gem Seafoods Inc., was approved for a sea cucumber processing licence in April 2019. It's the Board's view that sea cucumber is now fully utilized within the Eastern Region (resource availability and regional balance). After careful consideration, it has been concluded that there are no other mitigating circumstances that would warrant granting this species authorization at this time.

There were four letters of objection and no letters of support.

The Board recommends **not approving** the transfer of a primary processing licence for sea cucumber from Labrador Gem Seafoods Inc., Ramea, to Barry Group Inc., Witless Bay.

2. Bay Roberts Seafoods Limited, Bay Roberts, has a primary processing licence for groundfish (all species), pelagics (all species), lumpfish, and lobster. The company has requested the addition of snow crab to a primary processing licence. The company had previously applied to the Board to have snow crab added to their licence, which was rejected in December 2020. In the last two years, the snow crab TAC has increased by 20,920 tonnes or approximately 46 million pounds. After careful consideration, the Board is recommending granting a snow crab processing licence based on economic considerations for the company. There have been a great deal of mergers, acquisitions, and consolidations of production in the industry since the cod moratorium, resulting in very few small and medium sized operators remaining in the province. The Board felt that it would provide new revenue, increase business stability and viability for this company. The company has demonstrated its long-term commitment to the Newfoundland and Labrador Fishery, as a smaller, locally owned independent company.

There were three letters of objection and no letters of support.

The Board recommends **approving** a snow crab processing licence, with a restriction on purchases not exceeding two million pounds in round weight form, for Bay Roberts Seafoods Limited, Bay Roberts.

3. Codroy Seafoods Limited, Codroy, has a primary processing licence for groundfish (all species), pelagics (all species), salmonids (AQ), scallop, lumpfish, and lobster. The company has requested the addition of snow crab to an existing primary processing licence. The snow crab TAC in 4R3Pn was 1,067 tonnes in 2012 and 522 tonnes for 2022. It's the Board's view that snow crab is now fully utilized within this area (resource availability and regional balance). After careful consideration, it has been concluded that there are no other mitigating circumstances that would warrant granting this species authorization at this time.

There were three letters of objection and eight letters of support.

The Board recommends **not approving** a primary processing licence for snow crab for Codroy Seafoods Limited, Codroy.

4. St. Mary's Bay Fisheries Inc., St. Mary's; has applied for a new primary processing licence for snow crab, groundfish (all species), pelagics (all species), sea cucumber, lobster, and whelk. The newly formed company plans on using the formerly licensed plant Deep Atlantic Sea Products in St. Mary's. Deep Atlantic Sea Products had a pelagics (all species), and snow crab processing licence until March 31, 2017.

After careful consideration, the Board is recommending granting a snow crab, groundfish, and whelk processing licence. There have been a great deal of mergers, acquisitions, and consolidations of production in the industry since the cod moratorium, resulting in very few small and medium sized operators remaining in the province. In 3Ps, the snow crab TAC has increased by approximately 10 million pounds in the last two years. Granting these licences will help address corporate concentration in the fishing industry and provide economic stability to that region.

It's the Board's view that sea cucumber, lobster and pelagics are now fully utilized within this area (resource availability and regional balance). After careful consideration, it has been concluded that there are no other mitigating circumstances that would warrant granting this species authorization at this time.

There were four letters of objection and 25 letters of support.

The Board recommends **approving** a snow crab, groundfish, and whelk primary processing licence for St. Mary's Bay Fisheries Inc., St. Mary's.

The Board recommends **not approving** a sea cucumber, lobster, or pelagics primary processing licence for St. Mary's Bay Fisheries Inc., St. Mary's.

5. HSF Ocean Products Ltd., O'Donnells, has a primary processing licence for groundfish (all species), pelagics (all species), mussel (AQ), scallop, whelk, and lobster. The company has requested the addition of snow crab, sea cucumber, and sea urchin to an existing primary processing licence. Fire completely destroyed the facility in October 2018. In 2019, the Board rejected an application from the company for the addition of sea cucumber.

The Board has determined that there is sufficient processing capacity to accommodate current landings and that sea cucumber is now fully utilized within the Eastern Region (resource availability and regional balance). After careful consideration, it has been concluded that there are no other mitigating circumstances that would warrant granting this species authorization at this time.

After careful consideration, the Board is recommending granting a snow crab processing licence and sea urchin processing licence based on economic considerations for the company. There have been a great deal of mergers, acquisitions, and consolidations of production in the industry since the cod moratorium, resulting in very few small and medium sized operators remaining in the province. In 3Ps, the snow crab TAC has increased by approximately 10 million pounds in the last two years. The Board felt that it would provide new revenue, increase business stability and viability for this company. The company has demonstrated its long-term commitment to the Newfoundland and Labrador Fishery, as a medium sized, locally owned independent company.

There were three letters of objection and one letter of support.

The Board recommends **approving** the addition of sea urchin and snow crab, with a restriction on snow crab purchases not exceeding two million pounds in round weight form, to a primary processing licence for HSF Ocean Products Ltd., O'Donnells.

The Board recommends **not approving** the addition of sea cucumber to a primary processing licence for HSF Ocean Products Ltd., O'Donnells.

6. Dandy Dan's Fish Market Ltd., Argentia, requested an increase in purchasing of snow crab from one million pounds per year to two million pounds per year. Dandy Dan's Fish Market Ltd., has a primary processing licence for groundfish (all species), pelagics (all species), snow crab (restricted to one million pounds in purchases per year), crab (other), lobster, lumpfish, and seal. The company also has an In-Province Retail Fish Processing Establishment in Argentia.

After careful consideration, the Board is recommending granting this increase based on economic considerations for the company. There have been a great deal of mergers, acquisitions, and consolidations of production in the industry since the cod moratorium, resulting in very few small and medium sized operators remaining in the province. In 3Ps, the TAC has increased by approximately 10 million pounds in the last two years. The Board felt that it would provide new revenue, increase business stability and viability for this company. The company has demonstrated its long-term commitment to the Newfoundland and Labrador Fishery, as a smaller, locally owned independent company.

There was one letter of objection and four letters of support.

The Board recommends **approving** an increase in purchasing of snow crab from one million pounds per year to two million pounds per year in round weight form for Dandy Dan's Fish Market Ltd., Argentia.

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Reg Anstey
Chair, Fish Processing Licensing Board

April 22, 2022

Date