



Stability of access crucial for economic growth and conservation efforts in Canada's Fisheries

If the government wants to reallocate licences and quotas, then follow a willing-buyer-willing-seller model is the best course of action. Respect the investments that have been made. Encourage more investments to strengthen the sector and conservation of the resource. If not, the whole sector will suffer—fishermen, processors, and communities.



Paul Lansbergen
Opinion

Canada's fisheries sector is struggling with an unnecessary and unfortunate set of circumstances surrounding stability of access to fish resources. Participants in the sector are concerned that existing licences and quotas are not as enduring as everyone once thought. This is chilling investments and harming everyone along the supply chain.

To explain why this is important we have to look at how businesses operate. Businesses make investments to start, grow, and maintain operations. To make those investments, they need to borrow money. Financiers, before lending money, want to feel confident that the business will be successful and be able to repay the borrowed money. This confidence is based on a sound

business model, a secure supply of inputs, committed customers, and collateral to back up the loan, in addition to a number of other elements.

Let's look at the secure supply of inputs element. In the fisheries sector, a secure supply of inputs is defined by stability of access to fish resources. Will the business have access to fish? For harvesters and integrated processors, this means licences and quotas. For processors, it means willing harvesters to supply the processing plant.

Licences and quotas are provided by the federal government. For years, the sitting minister of Fisheries and Oceans has established and maintained a consistent model for applying licensing rules. This leads the industry to having an expectation that the rules will be applied consistently. These expectations, developed over time with consistent application of rules, are very important as fishermen and lenders rely on the minister to use his discretion dependably over time.

In the financial sector, financiers hang on every action and word from the governor of the Bank of Canada. Consistency and predictability is critical to our financial sector. Well, the Fisheries

minister is similar to the Bank of Canada governor in the fisheries sector. Consistent application of the rules is critical for businesses to make investment decisions.

In Canada we need to accelerate investment to extract more value from what we harvest and process. A recent report commissioned by the Seafood Value Chain Roundtable indicates the sector is missing out on upwards of \$600-million annually by not maximizing value from what it harvests. To cover this gap, we need to invest in new technologies and practices for conservation and value. This won't happen if sector participants don't have confidence in maintaining access long enough to earn the payback in the investments.



In a speech last year in Nova Scotia, Fisheries Minister Dominic LeBlanc hinted at far-reaching changes to licensing rules, writes Paul Lansbergen. *The Hill Times* file photograph

Unfortunately, we no longer have the consistency so crucial to the sector. Worse yet, the new consistency is wrought with uncertainty for licence and quota holders. In a speech last year in Nova Scotia, Fisheries Minister Dominic LeBlanc hinted at far-reaching

changes to licensing rules. Specifically, he questioned existing policies that offer "near-indefinite access to the fishery by virtue of automatic (licence) renewal and re-issuance." LeBlanc also stressed in his speech that "changes to (Canada's) licensing regime may have a major impact" on fishery operations. In announcing the amendments to the Fisheries Act, the minister said he is willing to make some tough decisions.

One of those decisions was to expropriate a surf clam quota from Clearwater to reallocate through a competitive bid process. The recent awarding of that quota is now drowning in questions and criticism. Is the new consortium capable of fulfilling its bid commitments? What is going to happen to Clearwater's employees in Grand Banks? What is going to happen to the \$70 million vessel that was just commissioned? The impacts don't stop there. What is next? What is the next fishery to be subject to an expropriation?

There is a better way. If the government wants to reallocate licences and quotas, then follow a willing-buyer-willing-seller model is the best course of action. Respect the investments that have been made. Encourage more investments to strengthen the sector and conservation of the resource. If not, the whole sector will suffer—fishermen, processors, and communities.

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