

**Fish Processing Licensing Decisions**

**Report**

**Minister Derrick Bragg**

**May 2022**

On April 22, 2022, the Fish Processing Licensing Board (Board), pursuant to s. 10 (2) of the **Fish Processing Licensing Board Act**, advanced recommendations to me on six applications. Here are my decisions on these applications.

1. Labrador Gem Seafoods Inc., Ramea – application dated February 14, 2022, for the transfer of a primary processing licence for sea cucumber from Ramea to Barry Group Inc., Witless Bay. I am not approving this application for transfer of the licence. The Board did not recommend approval of this application as it was of the view that sea cucumber is fully utilized within the Eastern Region and that there are no other mitigating circumstances that would warrant granting this species authorization at this time. I agree with this rationale.
2. Bay Roberts Seafoods Limited, Bay Roberts – application dated May 1, 2021, for the addition of snow crab to an existing primary processing licence. I do not approve this application.

The Board recommended approval of this application with a restriction on purchases not exceeding two million pounds in round weight form. It was the Board's view that based on economic considerations for the company, the limited number of small and medium-sized operators remaining in the province, approval of a conditional crab licence would provide new revenue, increase business stability and viability for this company.

However, according to the Department of Fisheries and Oceans Canada, the outlook on the snow crab fishery is only projected to remain positive in most areas up to 2 to 4 years at which time there are potentially less favourable conditions for future productivity. In addition, the diversion of two million pounds of raw material from existing nearby processing facilities would have a negative impact on plant workers from other nearby facilities such as Nu Sea Products Inc. (Port de Grave), Independent Fish Harvesters Inc. (Brigus), Quin-Sea Fisheries Ltd. (Old Perlican), Quinlan Brothers Ltd. (Bay de Verde), Barry Group Inc. (Witless Bay), Aqua Crab Producers Inc. (AquaForte) and Quin-Sea Fisheries Ltd. (Cape Broyle).

For 2022, the Federal Government has allocated 50,470 tonnes of snow crab to harvesters in the Province. The Province has no control over the annual quota allocated and it is the harvesters' decision in which processing facility they will sell their catch. With improvements in processing technology, many processing facilities require more raw material to enable plant workers to gain the required number of hours needed to qualify for Employment Insurance. As identified above, there are an adequate number of processors with snow crab processing licences in the region. The approval of additional snow crab primary processing licences to other facilities

in the immediate region would mean that another processor would have access to the same allotment of snow crab that is currently being sold to another processing facility in the same region. This may result in less weeks of employment for existing plant workers at the currently licensed facilities.

3. Codroy Seafoods Limited, Codroy – application dated May 27, 2021, for the addition of snow crab to an existing primary processing licence. I am not approving this application. The Board had not recommended approval of this application as it was of the view that the snow crab resource is fully utilized within the area and that there are no other mitigating circumstances that would warrant granting this species authorization at this time. I accept the Board's rationale.

For 2022, the Federal Government has allocated 50,470 tonnes of snow crab to harvesters in the Province. The Province has no control over the annual quota allocated, and it is the harvesters' decision in which processing facility they will sell their catch. With improvements in processing technology, many processing facilities require more raw material to enable plant workers to gain the required number of hours needed to qualify for Employment Insurance. There are an adequate number of processors with snow crab processing licences in the region. The approval of additional snow crab primary processing licences to other facilities in the immediate region would mean that another processor would have access to the same allotment of snow crab that is currently being sold to another processing facility in the same region. This may result in less weeks of employment for existing plant workers at the currently licensed facilities.

4. St. Mary's Bay Fisheries Inc., St. Mary's - application dated May 14, 2021, for a new primary processing licence for groundfish (all species), pelagics (all species), sea cucumber, lobster, snow crab, and whelk. I am approving the application for a new primary processing licence for groundfish (all species), whelk and snow crab for St. Mary's Bay Fisheries Inc. The snow crab licence will be restricted to purchase of raw material not exceeding 2.5 million pounds in round weight form. I am not approving licences for pelagics (all species), sea cucumber and lobster.

The Board recommended approving a snow crab, groundfish, and whelk primary processing licence and noted that the applicant 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. It was the Board's view that based on the limited number of small and medium-sized operators remaining in the province and the increase in raw snow crab material in the last two years in this area, that granting a licence to this applicant would help address corporate concentration and provide economic stability to the region. The

Board also stated that sea cucumber, lobster and pelagics were fully utilized within the area and there were no other mitigating circumstances that would warrant granting these species authorization at this time. I accept the Board's rationale regarding groundfish, whelk, lobster, sea cucumber and pelagics.

However, according to the Department of Fisheries and Oceans Canada, the outlook on the snow crab fishery is only projected to remain positive in most areas up to 2 to 4 years at which time there are potentially less favourable conditions for future productivity. The diversion of unrestricted amounts of snow crab raw material from existing processing facilities to the St. Mary's plant would have a negative impact on nearby processing facilities and plant workers such as Nu Sea Products Inc. (Port de Grave), Independent Fish Harvesters Inc. (Brigus), Quin-Sea Fisheries Ltd. (Old Perlican) Quinlan Brothers Ltd. (Bay de Verde), Barry Group Inc. (Witless Bay), Aqua Crab Producers Inc. (Aquaforte) and Quin-Sea Fisheries Ltd., (Cape Broyle).

A restricted licence for snow crab at 2.5 million pounds in round weight form provides the amount of raw material needed by the St. Mary's Bay Fisheries Inc. as identified in their business plan production projections.

For 2022, the Federal Government has allocated 50,470 tonnes of snow crab to harvesters in the Province. The Province has no control over the annual quota allocated and it is the harvesters' decision in which processing facility they will sell their catch. With improvements in processing technology, many processing facilities require more raw material to enable plant workers to gain the required number of hours needed to qualify for Employment Insurance. As identified above, there are an adequate number of processors with snow crab processing licences in the region. The approval of additional snow crab primary processing licences to other facilities in the immediate region would mean that another processor would have access to the same allotment of snow crab that is currently being sold to another processing facility in the same region. This may result in less weeks of employment for existing plant workers at the currently licensed facilities.

5. HSF Ocean Products Ltd., O'Donnells – application dated May 26, 2021 for the addition of snow crab, sea cucumber, and sea urchin to an existing primary processing licence. I am not approving the application for snow crab, sea cucumber or sea urchin.

The Board recommended 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 and not approving the addition of sea cucumber. It was the Board's view that there is sufficient processing capacity to accommodate current sea cucumber landings and there are no other mitigating circumstances that would

warrant granting this species authorization at this time. Given the economic considerations for the company, the limited number of small and medium-sized operators remaining in the province, the Board stated that approval of a conditional crab licence and sea urchin would provide new revenue, increase business stability and viability for this company. I accept the Board's rationale as it relates to sea cucumber.

As the Board notes, fire completely destroyed the facility in October 2018 and the owners have not yet rebuilt the facility despite maintaining licences for groundfish (all species), pelagics (all species), mussel (AQ), scallop, whelk, and lobster.

In addition, according to the Department of Fisheries and Oceans Canada, the outlook on the snow crab fishery is only projected to remain positive in most areas up to 2 to 4 years at which time there are potentially less favourable conditions for future productivity.

The diversion of two million pounds of raw material from existing processing facilities would have a negative impact on plant workers from other nearby facilities such as Nu Sea Products Inc. (Port de Grave), Independent Fish Harvesters Inc. (Brigus), Quin-Sea Fisheries Ltd. (Old Perlican), Quinlan Brothers Ltd. (Bay de Verde), Barry Group Inc. (Witless Bay), Aqua Crab Producers Inc. (Aquaforte) and Quin-Sea Fisheries Ltd. (Cape Broyle).

For 2022, the Federal Government has allocated 50,470 tonnes of snow crab to harvesters in the Province. The Province has no control over the annual quota allocated and it is the harvesters' decision in which processing facility they will sell their catch. With improvements in processing technology, many processing facilities require more raw material to enable plant workers to gain the required number of hours needed to qualify for Employment Insurance. As identified above, there are an adequate number of processors with snow crab processing licences in the region. The approval of additional snow crab primary processing licences to other facilities in the immediate region would mean that another processor would have access to the same allotment of snow crab that is currently being sold to another processing facility in the same region. This may result in less weeks of employment for existing plant workers at the currently licensed facilities.

6. Dandy Dan's Fish Market Ltd., Argentia – application dated March 30, 2022, for an increase in purchasing of snow crab from one million pounds per year to two million pounds per year. I am approving the application to purchase an additional one million pounds of snow crab.

The Board recommended an approval of an increase in purchasing of snow crab

from one million pounds per year to two million pounds per year in round weight form. It was the Board's view that based on company economic considerations, the limited number of small and medium-sized operators remaining in the province, approval of an increase in one million pounds of snow crab would provide new revenue, increase business stability and viability for this company. I accept the Board's rationale.