

STANDING FISH PRICE-SETTING PANEL SQUID FISHERY 2018

The Standing Fish Price-Setting Panel, hereinafter referred to as “the Panel”, issued its Schedule of Hearings for 2018, on March 1, 2018. Pursuant to Section 19 of the *Fishing Industry Collective Bargaining Act*, hereinafter referred to as the “Act”, the Panel set Thursday, August 16, 2018, as the date by which collective agreement(s) binding on all processors in the province that process Squid must be in effect.

The Panel also noted at that time, that it had been advised by the Department of Fisheries and Land Resources that the Association of Seafood Producers, hereinafter referred to as “ASP”, represented processors that process the majority percentage of the species Squid. As a result, under Section 19(11) of the Act, should a hearing be required for Squid, the parties appearing before the Panel would be the Fish, Food and Allied Workers Union, hereinafter referred to as the “FFAW”, and ASP. Section 19.11(1) of the Act, and regulations made pursuant thereto, require that the decision of the Panel must be in accordance with one of the positions on price and conditions of sale submitted to the Panel by the parties at the hearing. The Panel further advised, that no other positions would be accepted by the Panel, and should other representatives of this species wish to attend the hearing, concurrence from both parties to the collective bargaining must be obtained. The hearing, if required, for Squid was scheduled to take place at 10:00 a.m. on Thursday, August 16, 2018, at the Ramada Hotel, 102 Kenmount Road, St. John’s.

The Panel convened its hearing for the species Squid at 10:00 a.m. on Thursday, August 16, 2018, at the Ramada Hotel, 102 Kenmount Road, St. John’s. Appearing before the Panel were the FFAW and ASP. The parties, having previously exchanged their final offer submissions, and filed copies with the Panel, supported their submissions in main argument and rebuttal.

The parties noted and accepted that there was not much information in recent years on the Squid fishery, since the landings were almost exclusively for the local bait market. Both parties agreed that Squid landings were quite low in recent years (well below 1,000 tonnes per year) and that the market for these landings was a domestic bait market, primarily for the Crab fishery. The local fisheries currently consume approximately 4,500 tonnes of bait and the majority of that bait market has been supplied by Squid imported from other countries (most recently Argentina) which have become increasingly expensive in recent years.

The FFAW takes the position that, local Squid landings are processed as bait for the following fishing year and sold at the same prices as imported Squid. The international market forces for imported Squid set the bait market price. There is no material differentiation of locally supplied and imported Squid sold as bait. Bait prices to fish harvesters have been steadily increasing, and increased again in 2018 by 11% over 2017. Bait prices have increased by \$0.90 since 2015 (from \$1.20 in 2015 to \$2.10 in 2018). They contend there is a widening margin between prices to Squid harvesters and bait prices, and increases in prices to Squid harvesters have not kept pace with the increase in bait prices. The limited market information available, along with apparent resource concerns in the key fishery in Argentina, suggests these high international Squid prices will continue in 2019.

As they did at last year's hearing, the FFAW again presented copies of actual settlement sheets between fish harvesters and several different fish processors documenting Squid bait prices (indicating bait prices of \$2.10/lb. in 2018). The FFAW is proposing an increase of 15% over the 2017 agreed price of \$0.74/lb. with all Squid sold up to 4,500 tonnes (for the local bait market) to be priced at \$0.85/lb. All Squid sold above 4,500 tonnes and needing to be exported, would be priced the same as last year at \$0.65/lb.

The ASP takes the position local Squid should not be priced on the basis of international benchmarks. Squid bait that is sourced locally, is often sold or provided at reduced costs to local harvesters. Harvesters prefer imported Squid and in many instances insist on imported Squid, even at higher costs, providing limited sales outlets locally. The ASP is proposing a rollover of 2017 prices with the following minimum prices for 2018:

- Round Squid – \$0.74/lb.
- Tubed Squid – premium above \$0.74/lb. to be determined on an individual basis between buyer and harvester.

The ASP also supported a rollover of the \$0.65/lb. once landings exceeded 4,500 tonnes. The Panel noted that in their written submission, ASP's offer was \$.065/lb., but after review and discussion with the parties, accepted that this was obviously a typing error involving a misplaced decimal and it would not serve anyone, including the intent of the Act, to treat it otherwise.

In its rebuttal of the FFAW position, the ASP also made an argument that the FFAW had failed to price the category of tubed Squid, which was a technical default that should invalidate their offer before the Panel. They contend this is similar to the situation in 2014 with Capelin and the Panel decision at that time set a precedent to support their claim. The FFAW on the other

hand, claimed their offer covers all Squid to be sold, including tube Squid, and therefore the tube category was covered by the proposed specified price of \$0.85/lb.

The Panel carefully reviewed the argument put forward by the ASP, but does not find it to be valid in considering its decision as to Squid pricing in 2018. This is on the grounds that the factors influencing the 2014 Capelin decision, are not comparable to the current Squid decision. In 2014, in advance of the final offers, there was a protracted discussion between parties and the Panel on the need to negotiate a new category for female Capelin less than 5.25" in length. This included a referral by the FFAW, dated June 12, 2014, made pursuant to Section 19.8(4) of the Act with respect to specifications for Capelin in the Collective Agreement. This led to guidance from the Panel for both parties to consider this new category and considerable discussion of same at the negotiating table. Despite this, in the end, the 2014 ASP Capelin offer excluded the category for female Capelin less than 5.25" in length. In this current round with 2018 Squid, there was no meaningful discussion of tubed Squid at the table or exchange of offers in respect of that category. The Panel also accepts that the FFAW's current offer is for all Squid, and thus the tube Squid pricing has not been excluded. The Panel further notes that while the current ASP offer refers specifically to the category of tubed Squid and the payment of a premium, the amount of that premium is not specified but is left to be determined on an individual basis between buyer and harvester. This does not bind processors to any specific payment.

In the matter of 2018 Squid prices, the Panel has carefully evaluated both positions and notes there is a lack of information in this fishery. However, the Panel has no evidence to suggest there will be a larger domestic Squid harvest this year and thus the end market for Squid is likely the local bait market. In the event of landings above, the local bait market there is agreement between the parties for a lower price of \$0.65/lb.

The Panel notes that there is agreement that internationally supplied bait has steadily and sharply increased in price. Despite the ASP having it available, they have provided no documentation to support their assertion that locally produced Squid is often sold at lower prices than imported Squid for bait. There is also no information provided as to what an average discounted price might be for locally supplied Squid bait. Consequently, there is no evidence to refute the claims of the FFAW of \$2.10/lb. which is supported by actual settlement sheets, albeit by a limited sample.

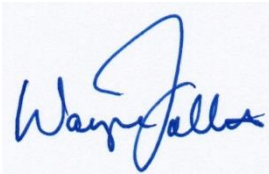
In light of a review of the submissions of the parties, it is the decision of the Panel to accept the final offer of the FFAW. The prices for the species Squid will be:

- All Squid landed up to 4,500 tonnes – \$0.85/lb.
- All Squid landed in excess of 4,500 tonnes – \$0.65/lb.

These prices will form a collective agreement or part of a collective agreement binding on all processors that purchase the species Squid.

The Panel and the parties again noted that there are unique procedural and policy issues that have arisen in this and recent hearings and have agreed to meet during fall 2018 with the goal to strengthen governance processes around the Panel. In advance of a formal meeting, the Panel encourages the parties, with input from the Panel, to discuss and agree upon established and reasonable governance guidelines, which the Panel could support and enforce.

Dated the 21st day of August, 2018.



Wayne Follett



Brendan Condon



Bill Carter