



Press Release 2005/8/24

A crisis of sustainability in the fish harvester labour force

The labour force in the independent owner-operator fishery, the cornerstone of the commercial fishery in Canada, faces an uncertain future on both the Atlantic and Pacific coasts, according to a comprehensive federally funded study.

The Canadian Council of Professional Fish Harvesters (CCPFH) is the national human resources sector council for the fish harvesting industry in Canada. It undertook the National Fish Harvester Sector Study with support from Human Resources and Skills Development Canada (HRSDC). The 5-year, 2-phase research project, the most comprehensive study of the fish harvester labour force ever undertaken in Canada, calls for a concerted cross-jurisdictional effort to preserve independent owner-operator fleets, the economic backbone for hundreds of coastal-rural communities on three ocean coasts.

“Independent owner-operators produce three-quarters of the \$2.3 billion in fish landings, and \$4.5 billions in exports, in the Canadian fishery,” said Earle McCurdy, chairman of the CCPFH, at the report’s launching in St. John’s today. “Owner-operator fleets generate close to \$1.7 billion in business income, most of it flowing through economically disadvantaged rural regions. Without a clear and concerted policy commitment we may lose the highly skilled labour force that produces such great value from the sea.”

As with many skilled trades and professions, there is an aging workforce in the fishery. Close to half of the approximately 14,000 full-time fishing skippers in Canada will retire from the industry over the next decade. The CCPFH study reveals that, with reduced fishing opportunities due to problems with a few key fish stocks, and shrinking rural populations generally, there has been a dramatic drop in young people coming into the industry over the past twenty years. The skilled and experienced new entrants just are not there to take over from retiring skippers and crew members in many fleets. “With the present fishermen getting older,” Mr. McCurdy said, “we face the danger of losing the next generation.”

The study also documents a radical shift in the recruitment patterns in the labour force. In the past there was an informal apprenticeship system that worked very well. Young people went to work on local fishing boats -- most often within the family -- acquired the requisite knowledge and skills on the job, and took over the enterprise from a retiring relative or neighbour. About a third of the harvesters – and a larger proportion on larger vessels – also did formal training to get their “masters’ tickets”.

Today, with fewer boats and shorter fishing seasons, there is less opportunity to learn on the job. However, knowledge and skill requirements have expanded in the areas of safety, more sophisticated technologies on vessels, participation in fisheries management and science, and management of more complex business enterprises. Harvester organizations have set up professionalization programs to address these challenges, but there is a need for a more accessible and relevant training system to support the current labour force and bring skilled young people into the industry.

Another serious barrier for recruiting new entrants is the high cost of commercial fishing licences and quotas. A single lobster-fishing licence in Nova Scotia, or a halibut license in BC, can cost more than a million dollars. The costs of financing licences, boats, and quotas make new fishermen even more vulnerable to downturns in fish landings or prices. Tax provisions that treat

fishermen differently from other businesses also make it harder for fishermen to pass on their licences and operations to their sons and daughters or other young independents.

As the value of fisheries and therefore access privileges has increased, the traditional pattern of ownership of fishing enterprises is being threatened, with serious consequences for hundreds of coastal communities.

In the Atlantic licensing system, the “owner-operator” and “fleet separation” policies have protected the independent fleet from takeover by processing companies and other outside investors. But as the value of fisheries has risen, non-harvesters have found legal loopholes that give them control over hundreds of licenses.

The study states, “The traditional community-based owner operator fishery on the Atlantic coast is in serious jeopardy.”

On the Pacific Coast, there have not been policies to support an independent owner-operator fleet. Fleet rationalization programs and concentration of the control of licences and quotas have resulted in a 40 per cent decline in harvester employment between 1991 and 2001, with devastating impacts on many coastal communities including, in particular, First Nations.

The study findings point towards actions to improve the future prospects for the Canadian fishery, including changes in the licensing, incorporation, and tax rules to protect the status of independent fishermen; better training and capacity-building programs to prepare them for the safety, conservation, business, and other requirements of the modern industry; and a federal-provincial financial support system to help young harvesters finance their independent operations.

“Fishermen and their communities have supported our economy, our society, our way of life, and even our sovereignty, Mr. McCurdy said. “Governments and the general public are well aware of the conservation challenges for fish stocks. They need now to understand, and be prepared to act on, the serious challenges facing the highly skilled and specialized fisheries

labour force. Following the massive fisheries restructuring programs of the 1990's, it is time now for government agencies and legitimate fish harvester organizations to address the critical human resources challenges identified in this study so we can build a better fishery.”

Independent owner-operators account for the vast majority of the 20,000 vessels fishing from more than 1,000 towns and villages on the Atlantic, and of the more than 3,000 vessels that have traditionally fished from coastal communities on the Pacific. Landed value for the two coasts totalled \$2.3 billion in 2004; export value came to \$4.5 billion.

HRSDC funded the sector study, and it was managed by the Canadian Council of Professional Fish Harvesters. Recognized by the federal government as the national sector council for the fish-harvesting industry, the CCPFH represents member organizations in the Atlantic, Pacific and inland fisheries. The sector study, carried out by PRAXIS Research Inc. in Halifax, involved surveys of 1,500 enterprise owners and 600 crew, as well as focus groups, key informant interviews, international study tours, literature review, and regional policy workshops.

For further information:

Earle McCurdy (709) 576 7276

John Sutcliffe (613) 235 3474



Backgrounder

The CCPFH National Fish Harvester Sector Study

The Canadian Fish Harvesting Sector Study, Phase II, is funded by HRSDC. Its purpose is to provide the information needed to support a national strategy to meet current and future needs for skilled workers in the industry.

The Phase I study was completed in 2001.^[1] It drew upon available data and secondary sources to describe and analyze the current structure of the Canadian fish harvesting industry and the dominant trends impacting the harvester labour force. It also identified gaps in available knowledge and recommended new research activities to fill those gaps.

The overall purpose of a human resource development sector study is to provide critical data and analytical resources for the development of a national human resources strategic plan. The findings and conclusions from this study will be fed into a planning process led by the national sector council for the industry (i.e., the Canadian Council of Professional Fish Harvesters [CCPFH]), and involving the lead agencies for professionalization in the regions, the training institutions and other stakeholder groups and agencies.

This study has involved the following research activities and methodologies:

1. Statistical analysis of the fish harvester labour force using Census Canada data to generate an up-to-date profile in terms of size, occupational makeup, age profile, employment status and activity patterns, educational attainment, gender, mobility and other variables.
2. Telephone surveys of statistically significant sample populations of fish harvesters in four categories:

^[1] *Taking Our Bearings: Situational Analysis of Canada's Fish Harvesting Industry*, a report prepared by PRAXIS Research & Consulting Inc. and GSGislason & Associates Ltd., for the Canadian Council of Professional Fish Harvesters, Ottawa, October 2001.

- Enterprise heads in the Atlantic Provinces and Québec (1,205 completed survey interviews);
 - Crewmembers in the Atlantic Provinces and Québec (600 completed survey interviews);
 - Enterprise heads in British Columbia (300 completed survey interviews); and
 - Crewmembers in British Columbia (171 completed survey interviews).
3. Key informant interviews and consultations with harvester leaders, fish processor representatives, independent fisheries experts, DFO managers and officials in provincial governments;
 4. Facilitated focus groups with representative groups of fish harvesters in each DFO Region;
 5. Regional workshops and experts' meetings and workshops;
 6. International comparisons and a literature review to examine policy and program options for fish harvester professionalization, and for facilitation of inter-generational transfer of assets, in countries that are facing comparable human resources challenges in their fish harvesting industries.
 7. In-depth financial analyses of fishing enterprises with regard to rising license prices and inter-generational transfer of fishing assets;
 8. Community case studies in seven coastal-rural regions representing different types of fisheries and divergent trends in resource availability.

The main findings and conclusions of the study are summarized as follows.

1. The survival of community-based owner-operator fisheries in Canada is seriously threatened by economic and demographic trends (even if fish stocks remain stable or improve).
 - The majority of owner-operator enterprises are operating close to economic break-even thresholds despite increasing per-unit value of fish landings.
 - Notable exceptions – lobster fleets in Southwest Nova Scotia and North Shore PEI, many enterprises in the crab fisheries in the Gulf and Newfoundland, and halibut and crab vessels in BC.
 - Ongoing DFO budget cuts and transfer of management costs alter fleet viability thresholds and create a climate of mistrust re DFO management.
 - The labour force is aging rapidly with slow recruitment of new entrants.

- The average age of enterprise heads is 48 in Atlantic Canada, 56 in Pacific Region
 - From a third to one half of enterprise heads will retire by 2010
 - Average age of crew labour force in Canada is over 40
 - Only 19% under 30
- Fishing licenses have increased dramatically in value
 - Average price expectation > \$600,000 (April 2004)
 - Range from \$340 K in Québec lobster fleet to \$988 K in SW Nova Scotia lobster fleet, \$1.4 M in BC halibut fleet, \$1.6 M in N&L midshore fleet.
 - In Atlantic, expectations of high license prices have been generated by Marshall, TAGS, and trust agreements
 - 30% of captains expect to get highest price from DFO
 - 28% expect to get highest price from processors
 - 14% expect to get highest price from another core harvester (i.e., contrary to Owner-Operator policy)
 - Only 15% expect to sell to crewmember
 - In Pacific, expectation generated by Treaty process, outside investors speculating in licenses and quotas
- In Atlantic, estimates of processor purchases of licenses via trust agreements varies across fleets
 - 42% of recent license transfers in Scotia-Fundy lobster
 - 16% of transfers in N&L inshore crab
 - 48% of transfers in N&L midshore
- Fishermen, community leaders very concerned about change from owner operator to consolidated ownership, vertically integrated fleets, and about impacts of excessive debt loads for new-entrant enterprise heads
 - Loss of jobs in harvesting and processing
 - Loss of cash flow through local economies

- Increasing pressure on the resource because of high enterprise purchase costs and more captains and crews who are not owner-operators
 - Case in point: BC with no owner-operator/fleet separation policies
 - Rural coastal communities lost 45% of licenses since Mifflin plan
 - Majority of licenses and quotas now owned in Vancouver-Victoria region
2. Shortages of skilled, committed labour will increasingly be a constraint on operation of fishing enterprises
- 20% of Atlantic captains, and 48% of Pacific skippers, report difficulties recruiting the crew they need
 - Captains who reported having no difficulty finding crew either fished alone or had long-time crewmembers, often family members
 - Major reasons for difficulties – low wages and short seasons
 - Average crew income \$25,000
 - Average weeks worked – 13
 - Loss of young people from coastal communities
 - Perception of license prices as barrier to new entrants becoming enterprise heads

	<u><i>Somewhat serious barrier</i></u>	Very serious barrier
Atlantic Enterprise Heads	20%	64%
Atlantic Crewmembers	18%	76%
Pacific Enterprise Heads	15%	64%
Pacific Crewmembers	8%	83%

- 60% of Atlantic crewmembers, and 88% of Pacific crewmembers do not plan to become enterprise heads
 - Half say the main reason is high cost of licenses
- Tradition of informal apprenticeship within family or community owned fishing enterprises is breaking down

- Too few new entrants
- Not enough sea time for new entrants

3. Conclusions

- a. In the Atlantic there is a need for immediate action by DFO to close legal loopholes that allow processors to control licenses through trust agreements
 - Goals:
 - Prevent the loss of a critical mass of owner-operator licenses
 - Reduce upward pressure on licenses prices
 - b. There is a need for concerted joint action by DFO, the provinces and industry groups to develop policies and programs on options to make license purchases more affordable
 - Licenses as collateral for borrowing to buy enterprises
 - Professional incorporation
 - Capital gains exemption
 - Consolidated federal-provincial loan board
 - Equal access for all fleets, regions
 - Parallel to farm loan board
 - Ability to provide loans for licenses
 - c. The dramatic loss of employment, and the loss of skilled fishing workers, in coastal regions of BC, with serious negative impacts on First Nations communities particularly, points to a need for a fundamental review of social and economic objectives for fisheries management in Pacific Region and a reconsideration of the role of owner-operator enterprises.
-