

**STANDING FISH PRICE-SETTING PANEL
ANNUAL REPORT
2016 - 17**



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Port-de-Grave, NL
By: Vince Andrews

Message from the Chairperson

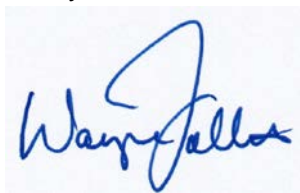
In accordance with Government's commitment to transparency and accountability, as Chair of the Standing Fish Price-Setting Panel and in accordance with the Transparency and Accountability Act, I am pleased to submit the Annual Performance Report for 2016-17. The Annual Report applies to Panel activities from the period of April 1, 2016 to March 31, 2017. The current Panel was appointed January 17, 2017, therefore, the majority of this reporting period covers the activity of the previous Panel.

The outgoing Panel members, in particular, the recently deceased former chair Mr. Joseph O'Neil and full-time members Mr. William Wells and Mr. Max Short did much of the heavy lifting in terms of normalizing the operations and role of the Panel in the Newfoundland and Labrador fishing industry. Over the past decade and during the past year, they have provided certainty over prices and conditions of sale for all stakeholders in the industry affected by these decisions. This is in large measure a credit to the dedication and competency of the former panel.

The current Panel is also committed to discharging its mandate in an effective and efficient manner while contributing to the economic stability of the fishing industry. Facilitating and encouraging successful collective bargaining is paramount but where necessary the Panel will set fish prices and conditions of sale through a well-managed, unbiased, timely and transparent process.

Unfortunately, looking ahead we see an uncertain outlook and an industry with many resource and economic challenges. Crab and shrimp stocks have been the main economic engine for the inshore for the past 25 years and are in serious decline. Cod recovery appears to be happening but it will likely take several years before it can afford any material offset to the shellfish reductions. Challenges to industry governance models are underway particularly in terms of harvester representation and may introduce new challenges and considerations for industry and the Panel.

This Annual Report of the Panel provides a record of the activities and actions of the Panel during its eleventh year, and the current Panel members are accountable for the actual results contained herein. The primary role of the Panel is to ensure that prices and conditions of sale for the various species of fish, subject to collective bargaining, are in place prior to the start of each fishery. The Panel Facilitator, acting on behalf of the Panel, was available to industry participants to facilitate the process of collective bargaining; and to promote collaborative approaches to issues within the industry. A collaborative approach to collective bargaining in the industry is essential as we approach a period of significant uncertainty and transition. The Panel and staff will continue their efforts to assist the parties and ensure timely decisions on issues that are referred to it.



Wayne Follett
Chair

Public Body Overview

The legislative authority establishing the Standing Fish Price-Setting Panel's role and responsibilities is contained in Section 19 of the Fishing Industry Collective Bargaining Act (Act) and associated Regulations. The Panel is classified as a Category 3 Government entity.

This was the Panel's eleventh year of operation. Panel members included: Mr. Bill Wells, Chair; Mr. Max Short, member; and Mr. Ed Hussey, member. The Panel facilitator, an external position that supports the function of the Panel, provided support for Panel activities and stakeholders' work in establishing fish prices (See *Facilitation* section on page 3 for more information). Administrative and secretarial support services continued to be provided by the Labour Relations Division of the Department of Advanced Education, Skills and Labour. Market intelligence support was provided by staff at the Department of Fisheries and Land Resources.

Funding for the Panel is contained in budget estimates under the Department of Advanced Education, Skills and Labour (see Financial Information on page 10 for more details). The Panel's office is located at: 3rd Floor, Beothuck Building, 20 Crosbie Place, St. John's, NL, A1B 4J6, telephone: (709) 729-2711.

The mandate of the Panel is to annually identify, following consultation with the stakeholders, particular fish species for collective bargaining, and to ensure that prices and conditions of sale are in place by the date established by the Minister of Fisheries and Land Resources. The Panel establishes parameters to facilitate collective bargaining, acts as an arbitration panel where the parties to negotiations fail to agree, and has the authority to set prices when negotiations do not take place.

Establishing a Schedule of Hearings

On an annual basis, the Panel will consult with parties to negotiations to determine the particular fish species to be bargained under the Fishing Industry Collective Bargaining Act for the coming season.

The Minister of Fisheries and Land Resources, on an annual basis, sets dates by which prices and conditions of sale must be in effect for the species subject to collective bargaining. The Panel will then provide written notice to applicable industry stakeholders of particular fish species subject to collective bargaining, the date by which binding agreement(s) must be in effect, potential hearing date(s), and place(s) where the Panel will hold hearings and receive submissions in the event binding agreement(s) have not been achieved.

Public Body Overview continued

Providing Support to Collective Bargaining

Rules and Procedures

The Panel, in consultation with the major parties to negotiations, has established its Rules and Procedures, as provided under Section 19.4 of the *Act*, for the purpose of carrying out its duties. The intent of its rules and procedures is to provide direction to parties to negotiations through the various collective bargaining stages, including the hearing stage, if necessary.

Facilitation

The Panel provides the services of a facilitator to parties to negotiations for all species identified in the schedule of negotiations. The facilitator provides support to the parties by helping to identify outstanding issues and mediating/facilitating the collective bargaining process to assist parties in reaching a collective agreement. The facilitator also coordinates activities between the Panel, the parties to negotiations, and relevant government departments.

The Panel envisions that their work with industry stakeholders will help achieve the optimum economic value from the fishing industry and thus contribute to economic growth, competitiveness and prosperity for the provincial economy.

The vision of the Panel is of an optimal collective bargaining climate between fish harvesters and processors in the province to ensure that binding collective agreements are in place for the timely commencement of the fisheries on an annual basis.

The Panel has a unique mandate to facilitate and act as an arbitration panel to the collective bargaining regime for the harvesting and processing sectors in the province's fishing industry, ensuring that fish prices and conditions of sale are in place to enable fisheries to start on a timely basis every year.

In order to provide improved labour relations supports conducive to positive workplace relations, it is the Panel's intent to work with relevant industry stakeholders to annually identify particular fish species subject to collective bargaining and ensure that prices and conditions of sale are in place prior to dates established by the Minister of Fisheries and Land Resources. In the absence of such binding agreements, the Panel will establish hearing dates, receive submissions from industry stakeholders, and conduct hearings to establish such prices and conditions of sale, to enable timely openings of the relevant fisheries.

The intended results include successfully negotiated prices and conditions of sale for the majority of fish species, timely decisions on prices and conditions of sale for the normal opening dates for most fisheries, and certainty over prices and conditions of sale for all stakeholders in the industry.

Highlights and Partnerships

Collective Bargaining Facilitation and Hearing Results

On March 9, 2016, the Panel advised the parties to collective bargaining of the deadlines for binding agreements on prices and conditions of sale for 2016-17 for the species lobster, snow crab, shrimp, whelk, lumpfish roe, cod, capelin, squid, halibut, sea urchin, and mackerel. The Panel also advised of the dates on which hearings would be held for the individual species, should a binding agreement not be achieved.

In the calendar year 2016, the Panel conducted a total of five hearings related to prices and conditions of sale, and one hearing related to a non-price issue. Two of the hearings were related to the species shrimp (spring and fall), and one each for the species lobster, cod, squid, and capelin. In three of the hearings held, participants were the Fish, Food and Allied Workers Union (FFAW) and the Association of Seafood Producers (ASP). Of the three resulting decisions, the Panel selected the position of the FFAW on two occasions, and the position of ASP once. On one occasion, the participants were FFAW and Seafood Producers of Newfoundland and Labrador (SPONL), and the Panel selected the position of SPONL. On two occasions where there was no majority processor representation (whelk and lumpfish roe), the Panel accepted and confirmed agreements that had been reached between the FFAW and ASP. For the species cod, for which there was no majority processor representation, there were three participants at the hearing, the FFAW, ASP, and an independent processor, Icewater Seafoods Inc., and in this instance, the Panel accepted and confirmed an agreement that had been reached between the FFAW and Icewater Seafoods Inc. For the species squid, despite there being majority processor representation (ASP), only the FFAW made representation to the Panel, and the Panel accepted the position of the FFAW. In each instance where the Panel accepted and confirmed agreements between the FFAW and ASP/Icewater Seafoods Inc., those agreements became binding on all who harvested/processed the specific species.

Please see Appendix A for the Species Negotiations and Results Summary – 2016 Fishing Season.

Report on Performance

In its 2014-17 Activity Plan, the Panel identified two strategic issues aimed at ensuring that fish prices and conditions of sale were in place for species under consideration between the parties to collective bargaining in the fishing industry: (1) Ensure binding collective agreements are established annually for particular species and; (2) Recommend legislative or regulatory amendments that provide a realistic mechanism for price setting. The issues and established objectives to address them are referenced throughout the report. The following table provides a summary of the Panel's objectives and its success in achieving those objectives. As stated in the 2014-17 Activity Plan, the objectives, measures and indicators identified by the Panel apply to the 2014-15, 2015-16 and 2016-17 fiscal years.

Issue 1: Ensure binding collective agreements are established annually for particular species.

Objective: By March 31, 2017, the Standing Fish Price-Setting Panel will have ensured that collective agreements were in place and prices and conditions of sale for fish species were established prior to the date established by the Minister of Fisheries and Land Resources.

Measure 1: Ensured binding collective agreements were in place.

Indicators for 2016-17	Performance for 2016-17
Industry stakeholders responsible for collective bargaining of the fish species were notified of the dates by which binding collective agreements were to be in effect.	The Panel consulted with industry stakeholders prior to the start of the 2016 fishing season, and advised by way of a letter to all stakeholders on March 9, 2016, the dates by which binding collective agreements were to be in place for lobster, snow crab, shrimp, whelk, lumpfish, cod, capelin, squid, halibut, sea urchin and mackerel. This consultation was conducted just prior to the 2016-17 fiscal year, as consultation is required early in the calendar year to ensure that industry stakeholders may have meaningful input in establishing an appropriate schedule for collective bargaining. The Panel provided similar notification to industry stakeholders in advance of the 2017 fishery on March 2, 2017.
Requisite facilitation/mediation services were made available to the parties to collective bargaining through the Panel facilitator, to assist the parties in achieving a collective agreement.	The Panel facilitator worked with the parties to collective bargaining for all species throughout the fishing season to help achieve binding collective agreements on fish prices and conditions of sale. The facilitator was available on a full time basis throughout the year to support collective bargaining by answering enquiries, scheduling panel meetings and coordinating all administrative communications and functions. Please see Appendix A for a full summary of 2016 fishing season activity.

Measure 2: Ensured prices and conditions of sale were established.

Indicators for 2016-17	Performance for 2016-17
<p>Industry stakeholders responsible for collective bargaining of the fish species were notified of hearing dates, where the parties did not achieve a collective agreement.</p>	<p>The Panel advised industry stakeholders on March 9, 2016 of the dates on which hearings would be held for all species, should they be necessary. This consultation was conducted just prior to the 2016-17 fiscal year, as the Panel advises industry stakeholders early in the calendar year to ensure that stakeholders have adequate time to prepare for collective bargaining and conclude collective agreements prior to the scheduled hearings for each particular species. The Panel provided similar notification to industry stakeholders in advance of the 2017 fishery on March 2, 2017.</p>
<p>Where collective agreements were not achieved, hearings were conducted to provide the parties to collective bargaining an opportunity to represent their respective positions to the Panel.</p>	<p>The Panel conducted a total of six hearings in 2016, allowing the parties to collective bargaining an opportunity to represent their respective positions. Two of the hearings were related to the species shrimp (spring and fall), and one each for the species lobster, cod, squid, and capelin.</p> <p>Please see Appendix A for a full summary of 2016 fishing season activity.</p>
<p>Following a hearing, the Panel made timely decisions that established prices and conditions of sale for the particular fish species.</p>	<p>For each species under consideration, the Panel made timely decisions, typically within two days of the hearing, prior to the start of the fishery for the species under consideration.</p>
<p>The Panel advised all industry stakeholders affected by its decision for a particular species.</p>	<p>When a hearing was required, the Panel notified the parties to collective bargaining (and other affected stakeholders) of its decision at least three days prior to the start of the fishery. Written copies of the Panel decisions were sent to impacted stakeholders and placed on the Panel's website for public viewing. Eight notifications related to decisions were distributed and posted on the website in 2016.</p>

At the end of each of the three years covered in the 2014-2017 Activity Plan, the Panel had ensured that collective agreements were in place and prices and conditions of sale were established in accordance with deadlines established by the Minister of Fisheries and Land Resources, for all species subject to collective bargaining.

Issue 2: Recommend legislative or regulatory amendments that provide a realistic mechanism for price setting.

Objective: By March 31, 2017, the Standing Fish Price-Setting Panel, where in its opinion it was warranted, made representations to the minister responsible, with respect to an amendment to, or modification of, the Fishing Industry Collective Bargaining Act and Regulations.

Measure 1: Representation made to the responsible minister, if warranted.

Indicators for 2016-17	Performance for 2016-17
The collective bargaining process was monitored.	Throughout the 2016-17 season, the Panel continuously monitored the collective bargaining process to ensure that where the services of the Panel were required in relation to assisting in the setting of fish prices, parties were engaged and provided with support in order to ensure the timely commencement of the fishery.
Recommendations for changes to the legislation and regulations made, as warranted.	The Panel, as warranted, makes representation to the Minister of Advanced Education, Skills and Labour and the Minister of Fisheries and Land Resources on the collective bargaining framework for the fishery and on possible amendments to the legislation. It was not deemed necessary during the 2016-17 fiscal year to make representation to the minister.

At the end of each of the three years covered in the 2014-2017 Activity Plan, the Panel had ensured that it had, where it was warranted, made representations to the Minister responsible, with respect to an amendment to, or modification of, the Fishing Industry Collective Bargaining Act and Regulations.

Opportunities and Challenges Ahead

Collective Bargaining Outlook for 2017-18

As it was in 2016, the most obvious challenge facing the fishing industry in 2017 is resource shortages and declining quotas in what has been the two most valuable species for years, crab and shrimp. The cuts are expected to be significant for both, and in the particular case of shrimp, would mean consecutive years of drastic quota cuts. This will no doubt be the backdrop for collective bargaining and will make the normally difficult task of setting raw material prices that much more challenging. Shrimp markets, which had been very strong in recent years, have been showing signs of weakening. Any further erosion of that market, along with drastic quota cuts, would be a devastating combination for industry stakeholders.

Looking ahead to 2017-18, there are some potential opportunities and challenges with specific species.

Shrimp: Unfortunately, the outlook for shrimp is even worse than the negative outlook in 2016. Substantial quota cuts are anticipated again in 2017, and reports of a softening market and lower prices further exacerbate the negative outlook.

Lobster: The outlook for lobster markets in 2017 is strong. Since there is a pricing formula in place that determines the price to harvesters based on market prices and exchange rates, harvesters are probably in for a strong year because of the projected strong market prices. There have been adjustments to this formula over the past couple of years and it is still a work in progress. The challenge is to strike the right balance in the price formula such that there is an equitable sharing arrangement in a strong market, as well as in a declining market.

Crab: The outlook for crab is similar to shrimp from a resource perspective in that significant quota cuts are expected. Fortunately, unlike shrimp, crab markets appear to be very strong, which will hopefully offset the downturn in landings. The difficulty in collective bargaining is managing the expectations with the changing dynamics in the resource and marketing sides of the equation.

Cod: Unlike crab and shrimp, cod stocks have been trending upwards over the past few years, and the short term outlook for the resource is positive. Also, markets have remained stable. The challenge during collective bargaining will be setting the right price and ensuring that the appropriate quality and grading standards are in place to continue the positive momentum of the past couple of years. Newfoundland and Labrador is reemerging in the cod market and it is a critical time to position the industry in that market.

The Panel will continue to have the opportunity and benefits of potential market intelligence from the Department of Fisheries and Land Resources and dialogue regarding the Fishing Industry Collective Bargaining Act in 2017-18.

Opportunities and Challenges Ahead continued

Market Intelligence

The Market Intelligence Unit of the Department of Fisheries and Land Resources continues to provide the Panel and industry stakeholders involved in collective bargaining with market intelligence information. The Panel will meet with industry stakeholders and officials of the Department of Fisheries and Land Resources prior to the start of the fishing season to provide feedback on the previous year's market intelligence reports. The feedback is typically related to the quality and relevance of market reports for each species, and reports are often adjusted in subsequent years to reflect input from the Panel and industry. New species have been added to the collective bargaining process in recent years; therefore, feedback on market intelligence, particularly for these new species, remains important. Department of Fisheries and Land Resources will organize a review session ahead of the 2018 season to assist with ongoing sharing of market intelligence.

Fishing Industry Collective Bargaining Act

Having legislation that is reflective of the needs of industry is an essential requirement for an effective and efficient collective bargaining process. Throughout the course of each season, the Panel continually assesses the legislative regime and encourages feedback from industry stakeholders regarding their experience. In instances where it is felt changes could improve the process, representation is made to the Provincial Government. It is through this evaluative and collaborative approach that the process remains current and the fishery continues to be a major contributor to the provincial economy.

Financial Information

The following table is a summary of Panel expenditures for 2016-17.

Expenditures included in this document are un-audited and based on public information provided in the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for the Year Ended March 31, 2017. The Standing Fish Price-Setting Panel is not required to provide a separate audited financial statement.

Summary of Expenditures For the Year Ended March 31, 2017				
Activity		Actual Expenditure \$	Amended Budget \$	Original Budget \$
4.1.05.01	Salaries	99,925	100,300	100,300
4.1.05.03	Transportation and Communication	4,026	2,800	2,800
4.1.05.05	Professional Services	56,500	85,000	85,000
4.1.05.06	Purchased Services	13,877	15,400	15,400
4.1.05.07	Property, Furnishings and Equipment	-	300	300
	Total	174,328	203,800	203,800

Appendix A

Species Negotiations and Results Summary – 2016 Fishing Season

Species	Parties to Bargaining	Agreement Reached	Panel Decision
Crab	ASP and FFAW	Yes	Not Applicable
Shrimp (Spring)	ASP and FFAW	No	ASP
Halibut	SPONL and FFAW	Yes	Not Applicable
Lobster	SPONL and FFAW	No	SPONL
Whelk	ASP and FFAW	Yes	Panel Confirmed Agreement
Lumpfish	Independents, ASP, and FFAW	Yes	Panel Confirmed Agreement
Cod	Independents, ASP, and FFAW	Yes	Panel Confirmed Agreement
Capelin	ASP and FFAW	No	FFAW
Shrimp (Summer)	ASP and FFAW	Yes	Not Applicable
Squid	FFAW	No	FFAW
Shrimp (Fall)	ASP and FFAW	No	FFAW



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<http://www.gov.nl.ca/fishpanel>