

Redfish - Bonanza or Boondoggle?

By Barry Darby, October 2020

The history of Newfoundland and Labrador is replete with stories of our people's ability to deal with hardship. Stories of disasters and bravery form the basis of how resilient we know ourselves to be.

What is less celebrated is the catalogue of historical events where we have failed to transform our great advantages, opportunities and natural wealth into sustainable economic and societal growth. In fact, we have often been quite adept at "snatching defeat from the jaws of victory".

Our forest industry, which once employed thousands, is now a shadow of its former self. The Churchill Falls hydro-electric complex was built on time and within budget, but its benefits have flowed to others. Offshore oil has precipitated us into a situation where we are now the most indebted province in Canada. And we have witnessed the near-destruction of one of the greatest fish stocks in the world.

The ocean has been our history, and now it is presenting us with a possible new bonanza. A massive stock of redfish (ocean perch) has grown in areas 1 and 2, comprising the Gulf of St Lawrence and the wedge of ocean between Nova Scotia and the south coast of Newfoundland. Newspapers and scientific reports describe this stock as "unprecedented," "massive" and "healthy". For the adjacent provinces this could be a godsend.

The current size of the redfish stock is staggering. It has never been recorded so high. Individual redfish are long-lived and slow-growing, living 50 to 75 years but only reaching a maximum length of 50 cm. The two main species, deepwater redfish and Acadian redfish, now have an estimated biomass of over 5000 kilotonnes – 12 times the size of the 2J3KL cod stock which is still one of the largest cod stocks in the world. The deepwater redfish biomass has recently been growing rapidly at about 20% per year, from 2500 kt a few years ago to 4300 kt today. With a 10% annual harvest rate we could easily predict a harvest of 400 kt for each of the next 20-30 years just from the present stock, even without counting new recruits.

What could this mean for the fishing industry and our coastal communities? To put it into perspective, the IceWater plant in Arnold's Cove, with nearly 200 employees, processes cod year round; it utilizes 6-8 kt annually and has capacity for 10 kt. To handle the kind of redfish harvest we can expect in the coming years, we will need 40 plants the size of the one in Arnold's Cove – an increase that would generate some 8000 new full-time jobs in the coastal communities abutting the redfish stock.

In terms of harvesting, 400 kt equals about 880 million pounds of fish. With a 70% harvesting efficiency and a price of 50 cents a pound, this could result in a total net harvesting income of over 300 million dollars annually, translating into another 8000 harvesters earning an average of \$40,000 to \$50 000 a year. In addition, this harvest would utilize some of our now underutilized near-shore vessels, and require some new ones, boosting the prospects for local shipyards.

All this represents an amazing opportunity for our coastal communities – an ecologically and economically sustainable bonanza that could continue creating prosperity indefinitely – if only we handle it right.

But will we? The question must be asked. Are those in charge capable of managing such good fortune? Or will they fail us, as so many have in the past when presented with golden opportunities?

Let's explore how our provincial and federal leaders risk turning this bonanza into another mismanaged fiasco.

First of all, they might do too little, too slowly. The urgency is biological. A population can collapse if it outgrows its food supply, and for redfish, the main food is shrimp. If redfish consume their own weight annually (a very conservative estimate), the current stock needs a yearly supply of 4000-5000 kt of shrimp – many times the annual quota for our commercial shrimp fishery. The redfish may not yet be at the limit of this finite food supply, but that limit is fast approaching. Without measures to dramatically increase the harvest, the stock could collapse.

Similarly for processing. With huge harvests on the horizon, it would be disastrous to prevent, delay, or limit the required expansion of processing capacity until it is too late. The necessary construction, retooling and labour market preparations will take two to three years, so planning for this expansion should begin immediately in order to be ready.

Failure to start making these changes soon enough could trigger a third blunder. A couple of years from now, DFO might belatedly realize that the redfish stock will collapse unless we harvest large quantities. Without adequate scaling-up of harvesting and processing, the Department might then award quota to entities that would lease foreign factory-freezer trawlers with foreign crews to harvest the resource. Internationally there are large fleets of vessels ready to take advantage of such a situation, depriving us of the tremendous benefits we could reap from this windfall.

A fourth way we could bungle this opportunity – less disastrous but a costly blunder nonetheless – would be for DFO to give the bulk of the redfish quota to new or existing entrepreneurs to build new large freezer trawlers such as the *Calvert*. This would provide some Canadian harvesting jobs, but it would further overcapitalize our fleet, and if the vessels were not built here, we would miss out on those shipyard jobs and other benefits to our economy. As for processing, it's an open question where the harvest from those vessels would go. Massive vessels require massive plants with massive workforces and infrastructure – which is not what we have or need in Atlantic Canada. Moreover, exporting fish whole usually brings a lower price, and the profits seldom accrue to harvesters or coastal communities.

The above scenarios are just some of the ways we could botch up or at least seriously diminish the potential economic bonanza from our fabulous redfish stock. There are probably other ways we could do it wrong as well.

So let's make sure we do it right. Let's ask DFO to be very transparent about what its harvesting plans are for this redfish stock for at least the next five years. Let's ensure our provincial governments plan the necessary expansion of processing facilities. Let's demand to be involved throughout the whole process. And let's pressure our elected leaders to take the necessary actions that will optimize the net economic return while at the same time ensuring the sustainability of the stock.

The size and age of this resource could provide thousands of workers with a lifetime of employment just from the stock that already exists. With the possibility of further recruitment in the next decades, this fishery could last forever.

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