

# Harvesting Sector Overview within an Ocean to Plate Framework

Peter Norsworthy  
Pisces Consulting Limited

# What are Ocean to Plate Goals?

- “All stakeholders... work towards a common goal of a sustainable, economically viable, and internationally competitive industry.”









# What does it all mean?

- Current operating model must mature.
- Operating model must be respond to change.
- Impact to all parties must be considered in every decision.
- Increasing overall value, not individual returns, must be the goal.



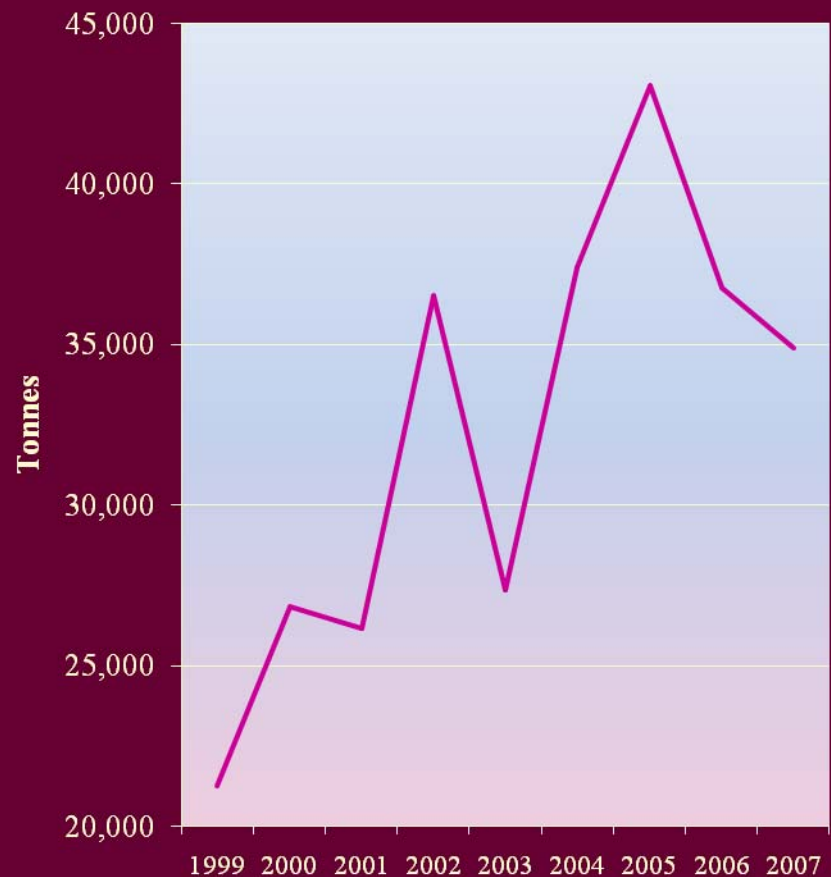
# So how do we measure up?

Resource	
Market	
Optimal Value	
Attractive Incomes	
Economic Driver	
Skilled Workers	



# Gulf Crab Catch

- Quotas have trended up in recent years.
- Peaked in most areas.
- The downward cycle has commenced in most areas.



# Harvesting Practices

- Leave unwanted crab on the bottom
- Returning immature males
- Smaller mesh implications
- Soft shell exclusion pots under review
- Handling onboard

# Harvesting Characteristics

- Gluts
  - Lower harvest costs
  - Poor quality product
  - Overcapitalization of processing
  - Distress selling to meet cash needs
- Landed Quality
  - Unknown
  - Defined practices
  - Enforcement

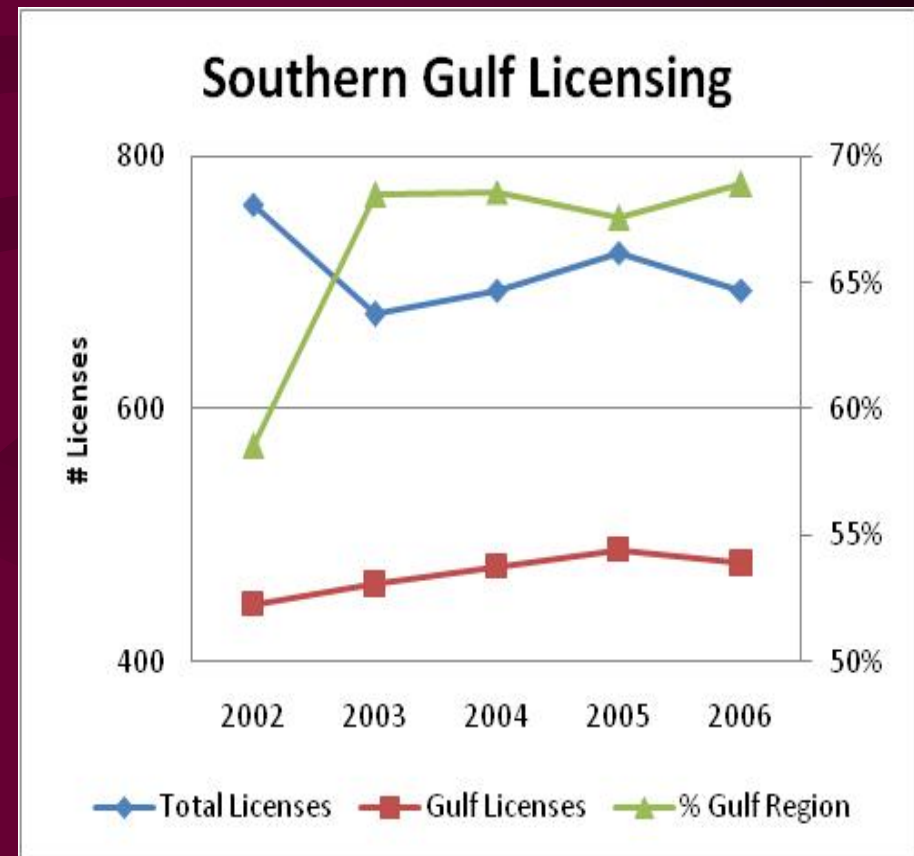
# History of Licensing in Gulf

- 1966 Fishery started
- Early 70's Limited licensing
- 1982 Resource peak in NB
- 1995 Temporary sharing
- 1999 First Nations entry
- 2003 Permanent licenses



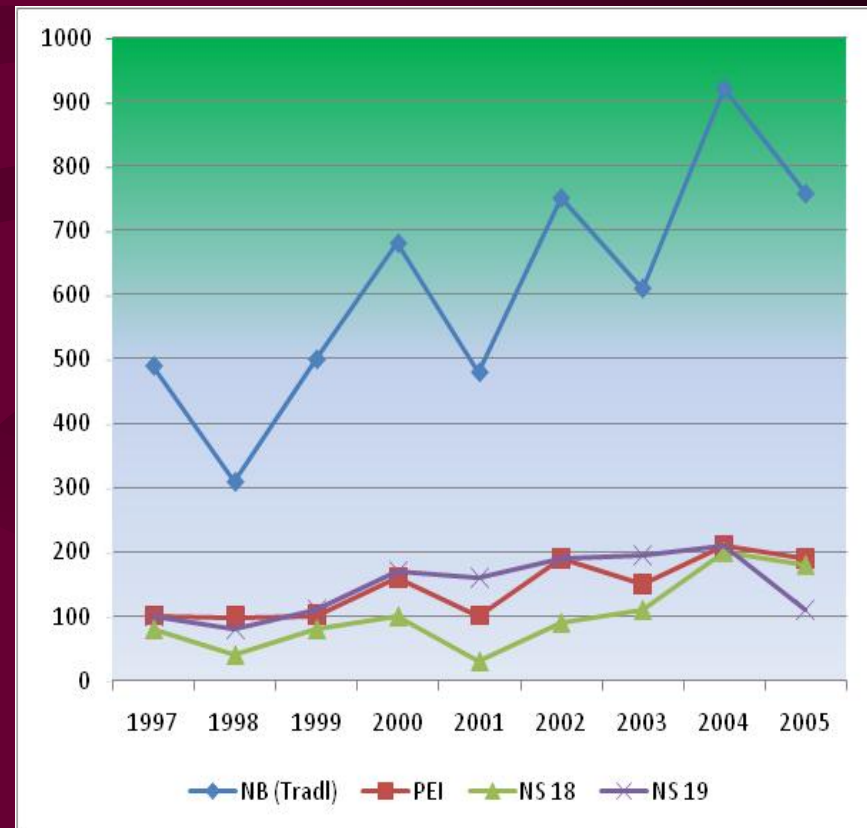
# Licenses

- # Licenses dropped in QU region
- Amalgamated area 12 licenses increased while quotas declined
- Stability for temporary holders
- Certainty of share of traditional holders



# Vessel Revenues

- Trending up
- Fluctuate due to market returns
- All Gulf Region fleets appear profitable
- Exposure is price and stock stability

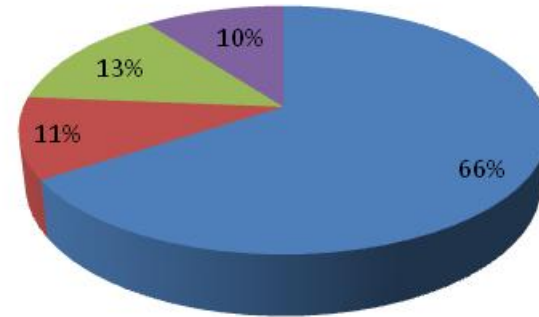


# Vessel Costs

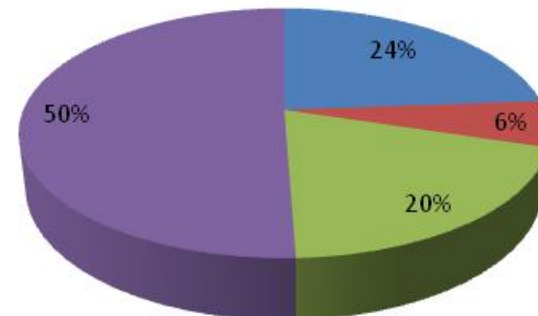
- Vary greatly by area
- Variable costs are the ones to control in short term
- Long term control over capital costs would reduce risk

NL 35-65

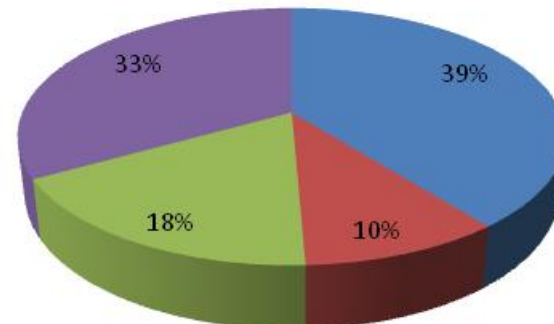
■ Variable Operating ■ Fixed Operating ■ Fixed Overheads ■ Net Margin



Area 19

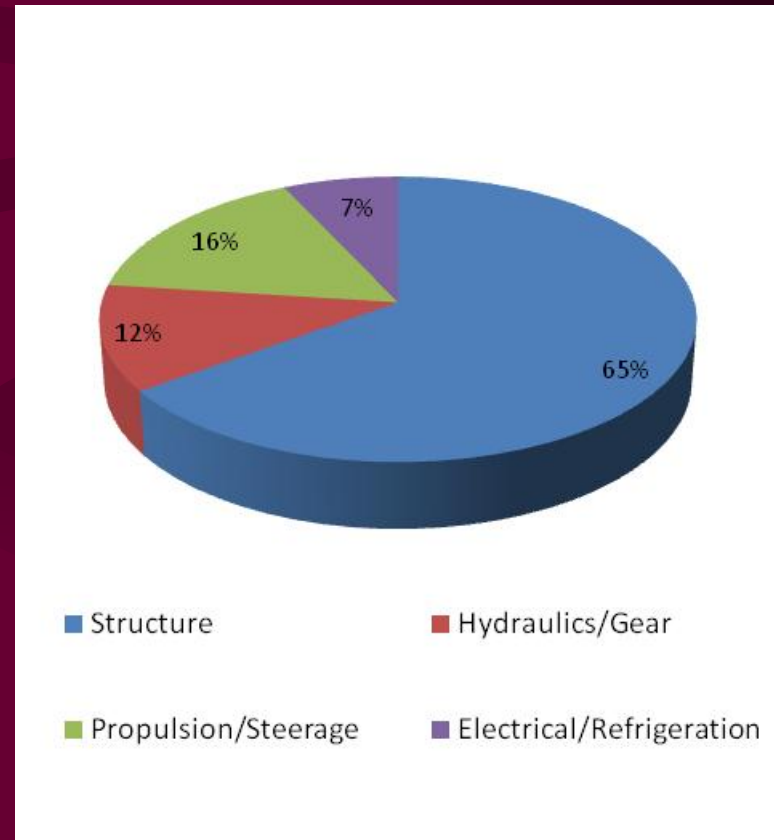


Area 14



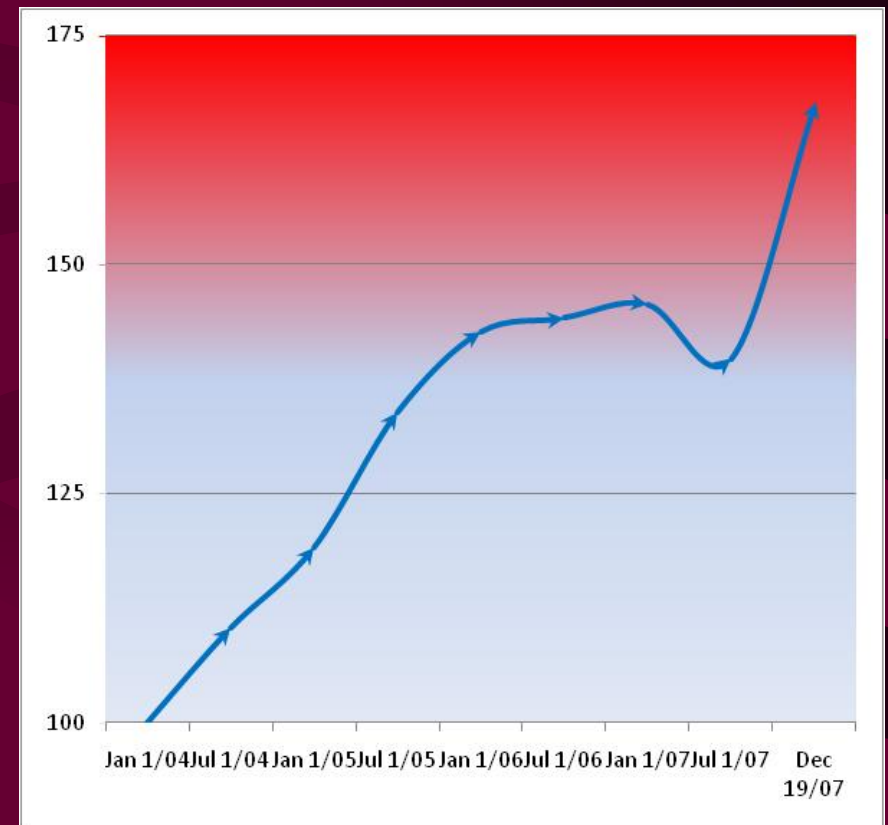
# Capital Costs

- Ranging from \$1.2m to \$2.2m
- Trending to wider designs
- Efficient design results in lower capital and operating costs



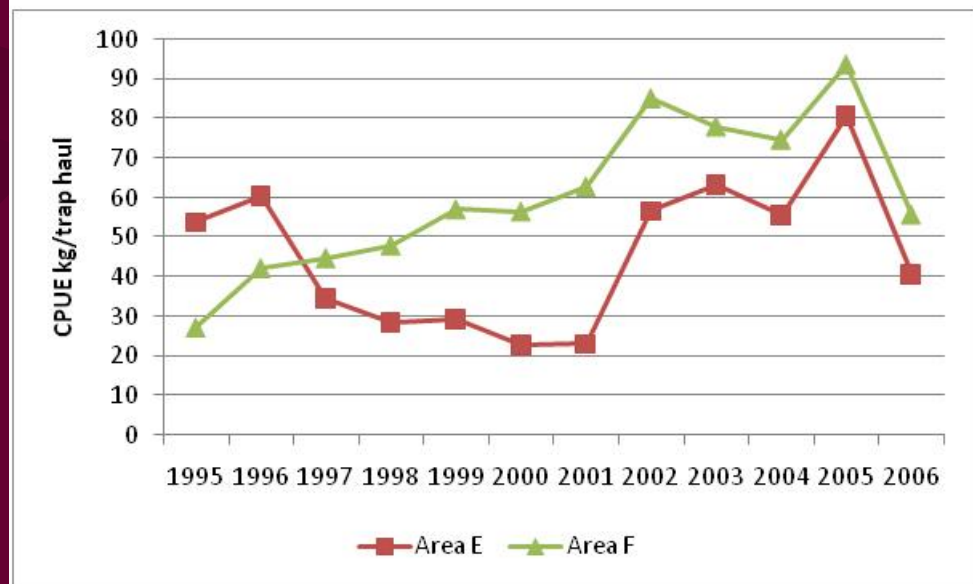
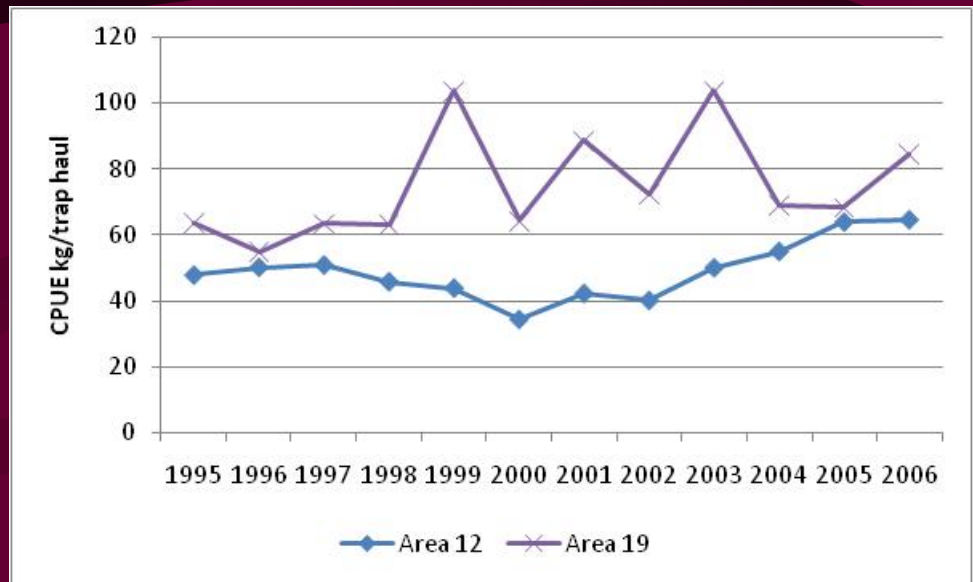
# Fuel Prices

- Up 67% in 4 years
- Up 15% since last year
- Prices remain volatile
- Efficiency is essential
- Vessel design
- Engine configuration
- Operating practices



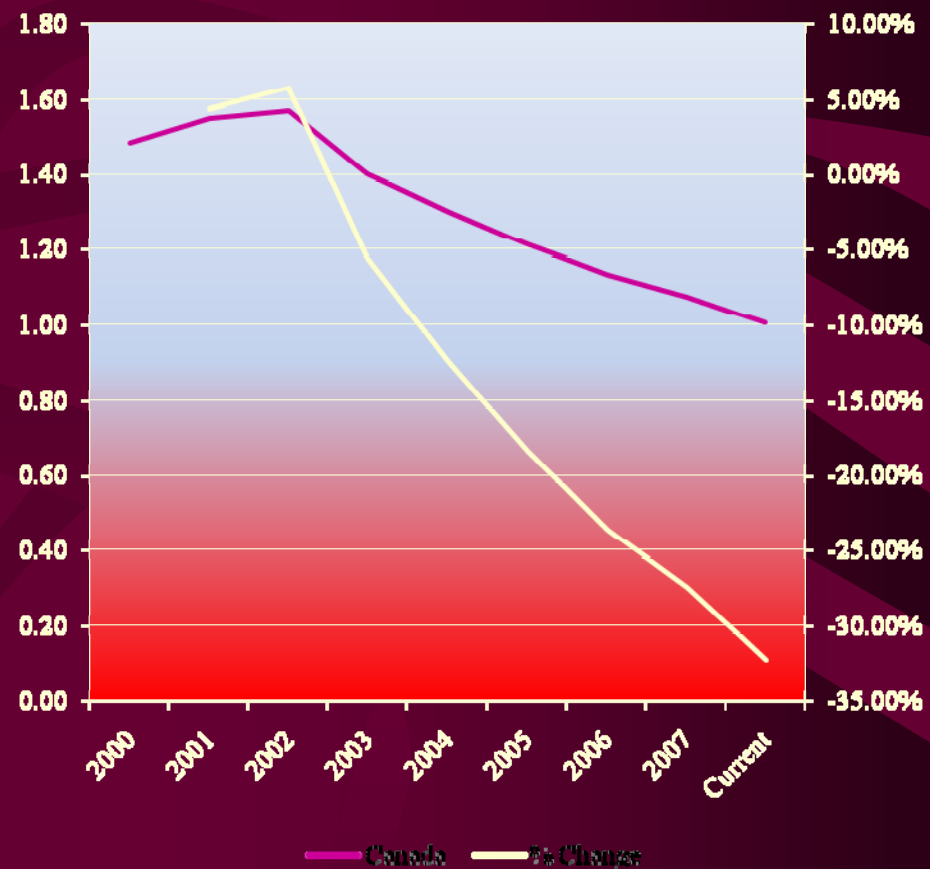
# Catch Rates

- Trended up
- Have not kept pace with cost increases
- No direct relation with abundance



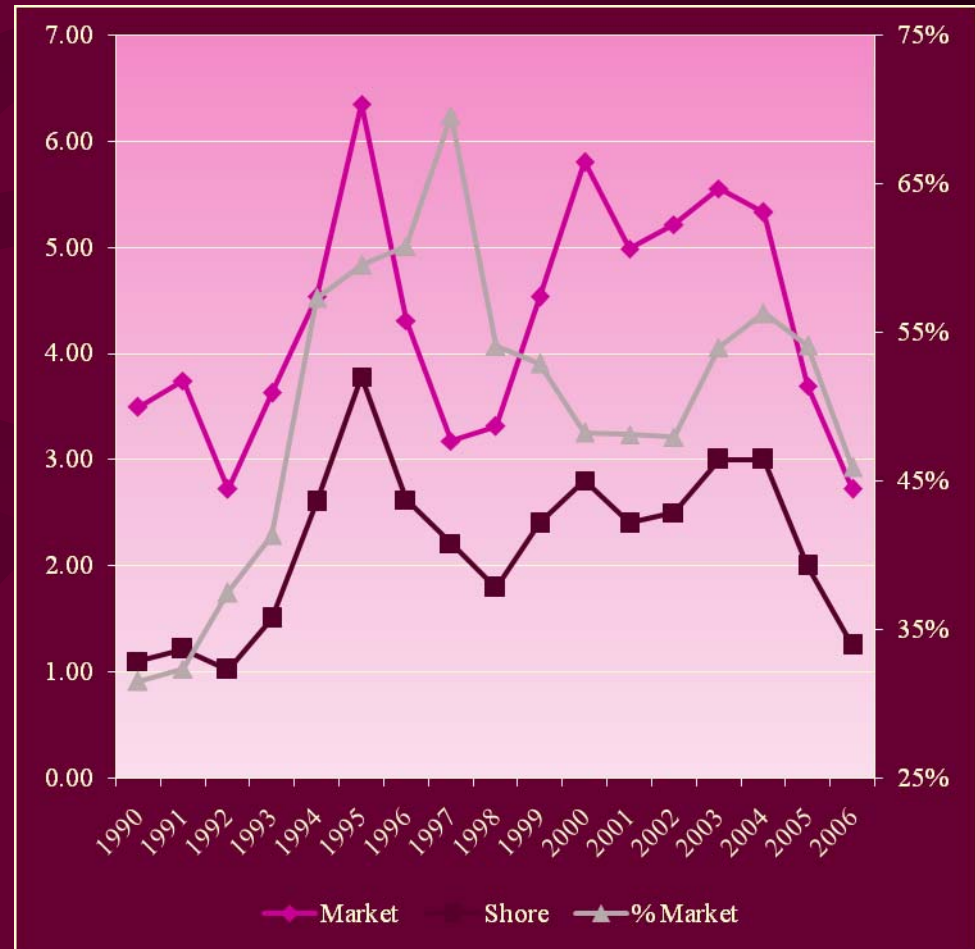
# Exchange rates are a challenge

- **Dropped 32% since 2000**
- **Resulted in reduced shore prices**
- **Put upward pressure on trade prices**



# Market Price Relation

- Average 50% since 1990
- 52% in past five years
- Market declines when prices are pushed



# Harvesting Savings

- Vessel Utilization
  - Resource sustainability
  - Resource access
  - Diversification to other fisheries
  - Eco-adventure tourism
- Operating Costs
  - Crew
  - Consumables (fuel/oil/bait)
  - Insurance
- Capital Costs



# Processing

- Plant Utilization
  - Gluts
  - Diversification to other crab species
  - Resource access (security/imports)
- Cost Reduction
  - Automation (yield/labour)
  - Consumables (packaging/ingredients)
  - Management capacity
  - Logistics



# Sales and Marketing

- Sales
  - Reliance on brokers/distributors
  - Timing of supply vs peak market demand
  - Sales consortium
- Marketing
  - Product diversification
  - Branding
  - Marketing research



# The Perfect Storm ?

- Low prices - \$1.00
- 50% lower stock levels
- Higher costs – fuel/hurricanes
- Worker shortage
- Environmental contamination



# Conclusions

- Quotas will continue to decline.
- Costs will continue to increase.
- Worker outmigration will continue.
- Market returns will continue to fluctuate impacting returns to harvesters.



# Action Plan

- Determine risks to your enterprise.
- Identify and implement cost saving measures.
- Collaborate with other sectors to develop the new model.
- Monitor key risk factors on an ongoing basis.