



# LABOUR PAINS

The seafood processing industry on Canada's East Coast faces another perfect storm, this time centring on its workforce • BY TREENA HEIN

**S**eafood processors in Eastern Canada are once again sitting in the eye of a powerful storm. After being severely battered with major layoffs due to the 1992 cod fishery collapse, processors turned to fisheries of other species such as clam, crab, shrimp, and lobster, hoping they would provide stability and sustainability in terms of jobs and profits. Instead, that move and other factors have allowed a whole multitude of new problems to plague the industry, with no easy answers in sight.

The problems stem from three major issues: labour shortages (in New Brunswick, Nova Scotia and P.E.I.), processing overcapacity (mostly in Newfoundland, but in the Maritimes as well) and shrinking profit margins in the entire sector.

By comparison, the West Coast seafood industry faces few labour problems due to a more diverse job market that keeps workers in the areas where processors are located, as well as the fact that there are fewer processors in B.C. In addition, wide-spread aquaculture of many species provides West Coast processors with year-round supply.

## LABOUR WOES

The labour shortage in the East Coast seafood-processing sector is multi-faceted and growing worse. Jack MacAndrew is the public relations spokesperson for Ocean Choice, a processor and exporter of lobster and other seafood, based in St. John's, Nfld. and Souris, P.E.I. He says companies are having extreme difficulty finding processing workers in the Maritimes due to an aging workforce; the current average age of a fish plant worker is about 50. It seems seafood processing has become a very hard sell to the younger workers who could replace them, young people whom MacAndrew

says are perhaps logically "more interested in high-tech jobs than being on their feet all day," partaking in the hard seasonal work of a fish plant. Seafood processing also currently competes with the East Coast forestry, tourism, construction and mining (coal and uranium) sectors, which provide more stable and lucrative careers for the younger generation. Another huge draw is the Alberta oil sands, which are enticing both younger and older workers away from Eastern Canada by the thousands.

Aline Landry, Human Relations manager for Cape Bald Packers in Cap-Pele, N.B., says only one to two per cent of the company's workforce are

Photo: Ocean Choice. Production line workers from Russia, Newfoundland and P.E.I. process lobster at Ocean Seafood's Souris, P.E.I. Plant.

young people, adding that “they don’t stay long.” She also notes that, “It’s always the labour pool that decides how much you can get done and if you open a certain week.” Besides temporary shutdowns, processors like Cape Bald are handling the worker shortage with longer shifts, and cutting labour where they can through mechanizing and streamlining, although many say automation is already maximized in most processing plants. Landry notes that while she knows of no product off the boats going to waste yet due to lack of labour to process it, it could happen. “Rather than have it go to waste, you will freeze,” she says. “But it is of course not as good quality if you do that. You don’t want to have long hours always [by extending shifts] and you can’t freeze everything.”

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After exhausting recruitment in the Maritimes and across the country, and showing Human Resources and Social Development Canada the results, this May Ocean Choice turned to the federal Foreign Worker Program to help solve its labour shortage. According to MacAndrew the 39 Russian citizens they hired this season in two waves to process lobster at their P.E.I. facility worked out very well both for the company and the foreign employees, who earned plenty of overtime pay. While he cautions that this strategy is still in the experimental stage, he says “There is unquestionably a need next year. The same workers may be invited back.” Landry says Cape Bald is also recruiting “as far as we can go,” and does not rule out the foreign worker option. She praises the New Brunswick government, which she says is “starting to do the work with pilot projects,” but adds

that “it has to be done carefully, maybe with the flexibility [to allow foreign workers] to work at different plants” instead of just one.

However, most processors agree that these piecemeal solutions will not address the key labour problem, which grows steadily worse each month. “Eventually the worker shortage will make a difference,” says MacAndrew. “Processing will slow down unless older workers can be replaced.” And, in fact, says Glen Feltmate, a plant manager at one of Barry Group’s New Brunswick facilities, the company has already closed down one plant in that province due to large amounts of retiring workers.

### PROCESSING OVERCAPACITY

After the cod fishery downturn, all eyes turned to crab, shrimp, clam and lob-



ster. With the help of government, the processing sector in Newfoundland and the Maritimes expanded to what is now recognized as over-expansion. Even though a dangerous situation has been created for both companies and their workers, many believe that these fisheries, especially shrimp, still have the ability to provide sustainable wealth and stable jobs.

E. Derek Butler is the executive director of the Association for Seafood Producers, which represents about two-thirds of processing capacity in Newfoundland. At the Fisheries Summit held by the Atlantic Institute for Market Studies in May, Butler noted that: “The reason we are having a crisis is because we are expecting the fishery to carry 37 crab plants, and a dozen or more shrimp plants, and tens of dozens of groundfish and pelagics plants.” Butler believes that the government

must realize that “increasingly, people are less inclined to work shorter periods and go on unemployment insurance. They are seeking year-round employment.” He also observes that “The industry has become more defined by seasons than ever. We have dissipated the wealth among the highest number of workers, but can’t do that anymore.”

However, says Butler, “If we had a different fleet structure [with longer, better-designed boats which can withstand harsh conditions], we could stretch out the fishery and provide year-round employment.” As a successful example, Butler points to Iceland’s 12-month crab fishery, compared to Newfoundland’s eight-month season. At the same time however, he believes the entire fishery “should be reduced in terms of processing capacity and harvesting capacity. Employment should be increased for those remaining in the fishery. Incomes should be up for those remaining in the fishery. Wealth creation is not the same as job creation. We must be considered and permitted to operate as businesses, not branches of government, social programming or employment schemes,” says Butler, summing up the situation.

### SHRINKING MARGINS

The reality is that whether because of profits being stretched too thin due to overcapacity, rising energy costs, the high value of the Canadian dollar or a fluctuating U.S. export market, plants are already closing. In September Daley Brothers announced the upcoming closure of its Sea Treat plant in Cheticamp, N.S., which had supported 200 jobs, following the recent closure of three Newfoundland plants. Dennis Moreau, executive director of the Nova Scotia Fish Packers, says about 20 plants have recently shut down in the province, out of over 200 registered plants, due to rising costs.

As it now stands, ideas for improving profit margins are few and far between. Feltmate suggests that eliminating catch and transport practices that result in poor-quality raw seafood

Photo: Dept. of Fisheries and Aquaculture, Government of Newfoundland and Labrador. The crab processing line at Beothic Fish Processors Ltd., New-Wes-Valley, Nfld.

would help, allowing “everyone to win.” Another controversial strategy to improve margins involves outsourcing processing work overseas where labour is cheaper. According to Greg Pretty, director of Industrial and Retail Sectors of the Fish, Food and Allied Workers Union in Newfoundland, “In Nova Scotia and New Brunswick, many Canadian seafood companies are choosing to have processing done in China.” These include Clearwater, which admitted in October 2005 that over 40 workers lost their jobs at the clam processing plant in North Sydney, N.S., because of a processing move to Newfoundland and China. “We don’t think that Canadian resources should be used to employ foreign workers,” says Pretty. “With proper public policy, [the trend] can be curtailed and we can have more processing jobs in Atlantic Canada.” Pretty also notes that his organization is asking for early retirement help. Regardless, in May 2006 another 40 Clearwater workers lost their jobs in North Sydney, a move that was blamed on rising fuel costs and the dollar. And more than 100 workers at the company’s Highland Fisheries facility in Glace Bay, N.S., have been locked out since March when they refused a proposed 18-per-cent wage rollback.

### REACHING SOLUTIONS

If most of the industry do not welcome the federal and provincial governments to orchestrate plant consolidations or restructure the fishing fleet, they are welcome to provide marketing support. “This is a proper role for government,” says Butler. “The tourism and fishing industries in Newfoundland and Labrador are now in the same neighbourhood in terms of economic contribution to the province. We need a government marketing initiative that supports fisheries just as it supports tourism.”

Nevertheless, both the federal and Newfoundland governments don’t seem to be restricting themselves to marketing in terms of helping the East Coast seafood-processing sector get back on its feet. In May, Newfoundland Premier Danny Williams and Federal Fisheries Minister Loyola Hearn created

a fisheries renewal working group that consulted with stakeholders. Solutions such as new technology, new fishery opportunities, marketing, overcapacity in the industry in both the harvesting and processing sectors, as well as external factors such as the weak American dollar and international competition, were discussed. A proposal for next steps will be released by the end of the year.

And at its AGM in September the National Seafood Sector Council,

according to its Marketing and Communications officer Jennifer Griffith, also discussed solutions such value-added products, expansion of aquaculture, and raising quotas to harvest some of the stock taken by other countries’ fleets. Let’s hope for the industry’s sake that this sort of discussion continues, with real solutions to follow. [FC]



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