

The Shrimp Fishery and Coastal Municipalities in NL

A Reason for Being

The sustainability of most coastal municipalities is strongly linked to the viability of the inshore fishery. These municipalities were founded due to their proximity to the fishing grounds; they have no other identity and even the emerging tourism industry in coastal communities is connected to the vibrancy of a fishing village.

The Economic Foundation

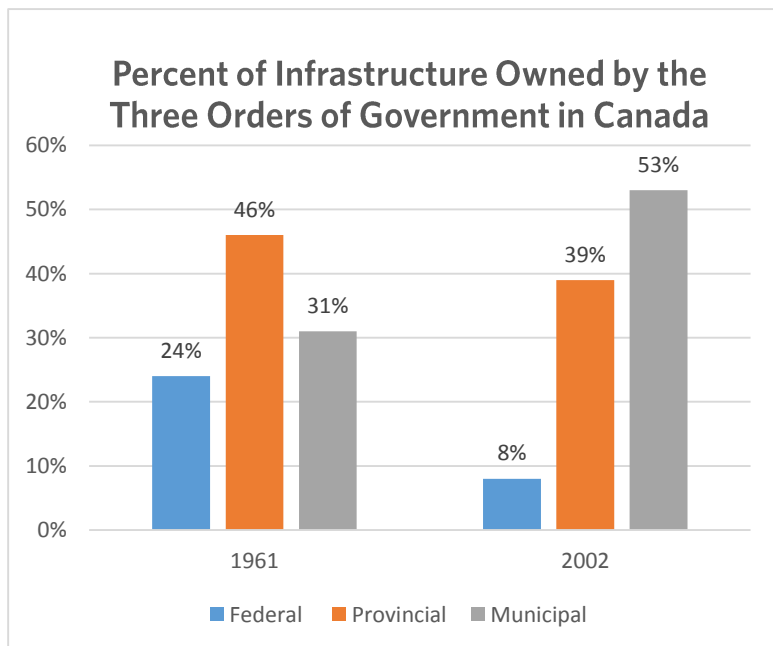
The fisheries continue to be the economic foundation for many coastal municipalities and municipal governments. Thousands of workers in rural NL are employed directly by the fishery, which in turn supports thousands of spin-off jobs. Together, the fisheries and its spin-offs contribute many millions of dollars to local wealth development.

Supporting the Municipality

Municipal governments perform a variety of important functions. Municipalities provide water and sewer services; build and maintain roads; street lighting; recreation facilities; waste management; animal control; economic development; and they organize how a town should look and develop. In general, a resident has more contact with its municipal government on a daily basis than any other order of government in Canada.

The work that municipalities perform is expensive and involves the building and maintaining of a significant amount of infrastructure. Municipalities pay for infrastructure through revenue collected at the local level. This revenue is collected largely through a property tax that is based on the value of property; thus, the more valuable the property within a municipality, the more opportunity a municipal government has to raise revenue.

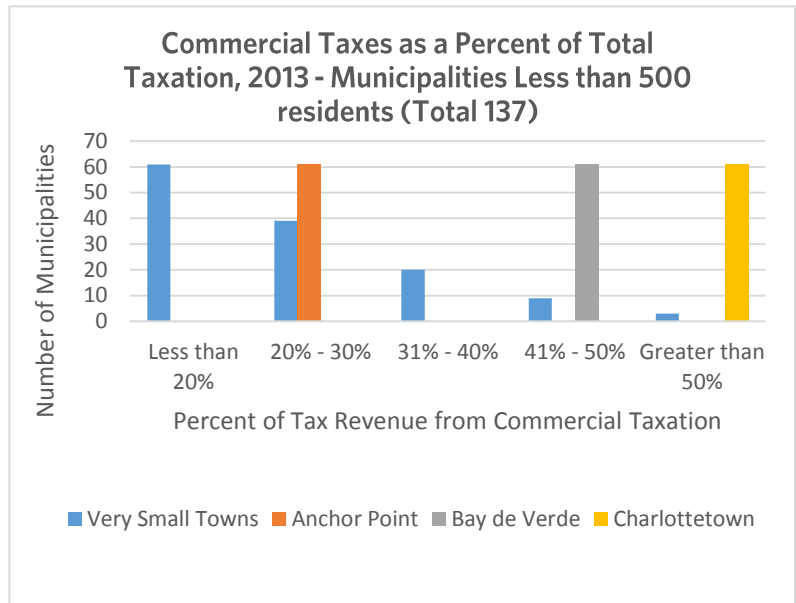
A commercial property-tax base is essential for the financial sustainability of a municipality. Commercial enterprises are usually the largest single tax payer in a municipality, and, depending on the enterprise, can serve as a magnet to lure other enterprises to the region.



Adjacency and Supporting the Municipality

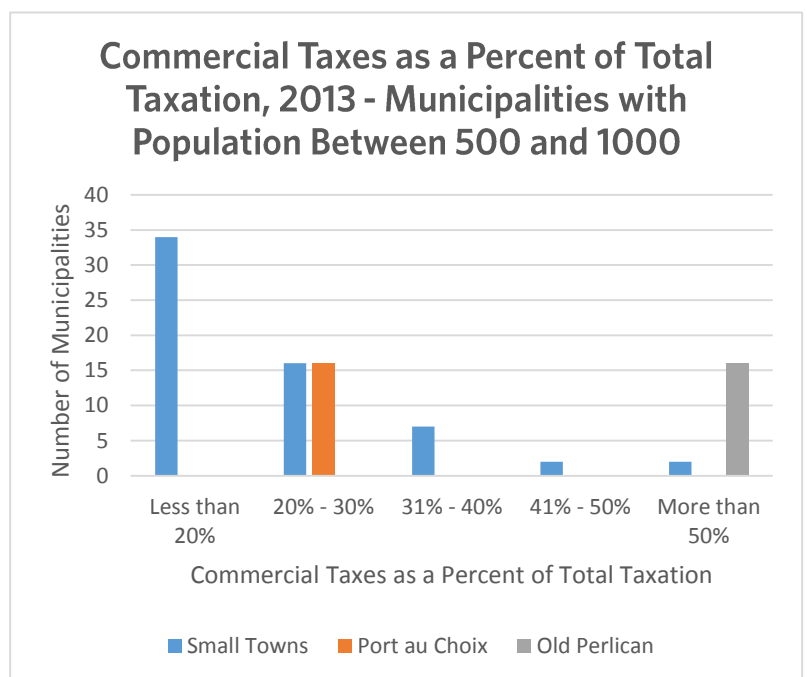
Given the taxation methods available to municipalities, adjacency in the fisheries is crucial to the sustained revenue of municipal governments, and by extension the standard of living of its residents. Adjacency allows for fisheries-focused economic development. Without an enforced adjacency policy, coastal municipalities can be bypassed and see little benefit from the harvesting of the resource.

The adjacency principle is great for municipal revenue. For example, in Anchor Point the shrimp plant pays 89% of all commercial property tax revenue; in Port au Choix it pays 53%. This reliance on a single tax payer, though a vulnerable position, does not mean that the local tax base is poor relative to the region and other similar sized municipalities. There are 9 shrimp plants located within municipalities. Below is a commercial tax revenue comparative analysis for 8 of the 9 municipalities (Clareville is excluded as it is not considered to be a rural community).



As the chart above shows, a majority municipalities with fewer than 500 residents receive less than 20% of their tax revenue from commercial enterprises. This is not the case for the three municipalities in this population bracket that have shrimp plants. In Anchor Point, commercial taxes represent 20% of total taxation; in Bay de Verde it represents 50%; and in Charlottetown it represents 63%. The stronger reliance on commercial taxes in these three towns is not coincidental - the shrimp fisheries makes up the economic backbone of these municipalities.

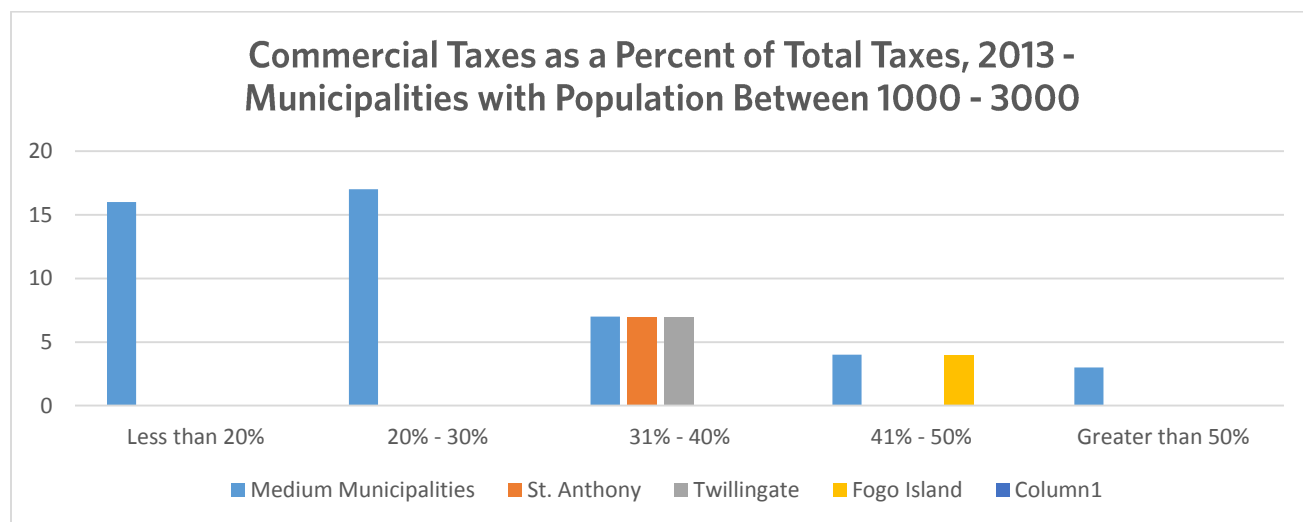
This trend continues for municipalities with populations between 500 and 1000 residents (Chart to the Right). A majority of towns in this population bracket receive less than 20% of its tax revenue from commercial sources. For towns with shrimp plants, this is not the case. Commercial taxes make up 27% of all tax revenue for



Port au Choix, while it makes up 66% of all tax revenue in Old Perlican. For these two municipalities, the commercial tax base revolves around the shrimp fisheries.

The importance of the fisheries is also evident in bigger municipalities, with populations between 1000 and 3000, some of which serve as regional centres. The chart below sets out the percent that commercial taxes contribute to total taxation in municipalities of this population range. It is telling that the three municipalities with shrimp plants that are listed in the chart are at the upper end of the scale with respect to revenue derived from commercial sources. Given that these three municipalities - Fogo Island, Twillingate, and St. Anthony - are major fishing hubs, this is not a coincidence.

As this section shows, the shrimp fishery is a major financial pillar for at least eight municipalities located in regions across the province. Any threat to the shrimp fishery would be a threat to the sustainability of these towns.



First Fishing, Then Everything Else

There has been a push over the last two decades to turn NL into a premiere tourist destination. In the integrated community sustainability plan process of 2010, a large majority of municipalities cited potential tourism growth as a key to economic development. If this strategy is followed, it will result in development hinging on someone coming to visit, rather than from the development of the resource a few miles from shore.

Tourism will not replace the fisheries in rural coastal NL; the fisheries is first, every else is secondary. A telling example of this fact occurred in 2009 in Port au Choix. The town is located on the Northern Peninsula along the busy tourism corridor from Gros Morne to L'Anse aux Meadows. The town has a shrimp plant, but also a national interpretation centre for a local archeological dig. The summer of 2009 was particularly dry and a water shortage developed. The town discovered that it could only supply water to either the shrimp plant or the interpretation centre. In the end, the town kept the shrimp plant operating and let the interpretation centre close. The shrimp plant was the major employer in the area, providing steady work and wages; the tourism industry did not.