

5.0 Licensing Policies

This section deals with government policies regarding new and existing primary, secondary, aquaculture and retail processing licences, fish buyer's licences, licence transfers and changes in operators of processing facilities.

5.1 Primary Processing Licences

This section deals with government policy on primary processing licences.

5.1.1 Policy

Primary processing licence holders may source fish directly from harvesters.

New primary licences for groundfish, pelagics, snow crab and shrimp will only be considered when there is enough resource for expansion as indicated by resource thresholds outlined in *Section 3.4 – Resource Thresholds*.

New primary licences for other species (except emerging fisheries) may be issued based on resource availability as outlined in *Section 3.1 – Resource Availability*.

Limited numbers of licences (normally up to six) will be issued for new primary processing licences for emerging fisheries species based on resource availability and regional balance as outlined in Sections 3.1 and 3.3 respectively. Additional licences for emerging fisheries species will only be considered when there is evidence to suggest that there is enough resource for expansion.

Proponents submitting applications for a new primary licence must have publicly advertised the application prior to its receipt by the Board as outlined in *Section 6.1 – Advertisement of Applications*.

5.1.2 Rationale

One of the major elements of the new policy framework for the fish processing sector is the designation of species or species-group licences. The open-ended approach of Core eligibility for any species created potential and actual excess processing capacity, especially for emerging species. Over time, the new species licensing approach may better align processing capacity with resource availability. This approach should also direct fish processing activities into specific strategic regions by using selected criteria to prioritize licensing applications.

The approach to emerging species will give all processing establishments equal opportunity to develop these species. At the same time, it will limit the number of entrants so as to make initial development of the given species more viable. Additional licences will only be considered once

it is clear that there is adequate resource available to warrant capacity expansion. This is in line with government's policy to match processing capacity with resource availability.

The advertisement of new primary licence applications will accommodate industry/community views.

5.2 Secondary Processing Licences

This section deals with government policy on secondary processing licences.

5.2.1 Policy

Secondary processing licence holders may source fish directly from harvesters.

Secondary processing licences are not specifically restricted by resource considerations, and are encouraged where applicants submit a detailed, viable business plan.

All primary processors may carry out secondary processing on species for which they are licensed.

Secondary processors will not be authorized to engage in the production for sale of primary processed products.

Proponents submitting applications for a secondary processing licence must have publicly advertised the application prior to its receipt by the Board as outlined in *Section 6.1 – Advertisement of Applications*.

5.2.2 Rationale

In the Department's efforts to encourage value-added and further processing of fish products, secondary processing establishments are able to purchase raw materials directly from harvesters. At the same time, existing primary processors are able to carry out further processing of the species for which they have a licence, as it will extend the operating season of the plant and add value to the primary processed product.

5.3 Aquaculture Processing Licences

This section deals with the policy for the issuance of new processing licences for aquaculture.

5.3.1 Policy

New licences for aquaculture processing establishments may be considered on a case-by-case basis where a detailed, viable application is submitted.

These processors will be limited to aquaculture species harvested from any aquaculture site licensed under *The Aquaculture Act*.

Proponents submitting applications for an aquaculture processing licence must have publicly advertised the application prior to its receipt by the Board as outlined in *Section 6.1 – Advertisement of Applications*.

5.3.2 Rationale

The aquaculture industry is characterized by product dispersed over a number of geographical areas of the province and harvested year round. It is usually uneconomical for established processors of commercial fish species to operate their facilities to accommodate the processing of farmed fish on this basis. Thus, there may be a requirement for processing facilities that just process fish coming from aquaculture operations. In addition, proximity of the processing facility to the aquaculture site is crucial to preserving quality, particularly for species which are marketed live.

5.4 Retail Processing Licences

This section covers the policy on in-province retail fish processing licences.

5.4.1 Policy

No new in-province retail fish processing licences will be issued. Existing in-province retail processing licences may be transferred in accordance with *Section 5.6 – Licence Transfers*.

Existing in-province retail processors may source fish directly from harvesters.

A new retail fish operation must apply for a food establishment licence through a Government Service Centre of the Department of Government Services and Lands. These retail establishments are not authorized to source fish directly from harvesters.

Department of Fisheries and Aquaculture inspectors will continue to apply quality standards to all existing retailer processors and food establishments that sell fish products.

5.4.2 Rationale

When in-province retail processing licences were introduced in 1991, it was a means of regulating fish destined for local markets, to ensure the fish was processed in establishments that meet minimum processing requirements. Despite the fact that strict limitations were placed on these processors, it was felt that these licences resulted in the addition of new processing capacity. Therefore, no new retail processing licences will be authorized to buy fish directly from harvesters.

Quality standards will be adhered to in all operations, since the Department will continue to inspect all existing in-province retail processors and food establishments selling fish.

5.5 Fish Buyer's Licences

This section covers the policy on fish buyer's licences.

5.5.1 Policy

Holders of fish buyer's licences may purchase fish directly from harvesters.

All fish, other than live eels and lobsters, purchased by a licensed buyer must be marketed through a licensed fish processor.

No new fish buyer's licences will be issued.

Existing holders of buyer's licences will not be granted authority to add or transfer any additional species to their licences.

If an individual holds an active buyer's licence and wishes to incorporate, he/she may submit a request to the Board for the licence to be issued in a company name and the Board may recommend to the Minister that the licence be issued in this company name.

If a number of active buyer's licence holders wish to amalgamate their licences under a new company, they may submit a request to the Board for a change of operator and the Board may recommend to the Minister that the licences be issued in the new company name.

5.5.2 Rationale

In the past, a buyer's licence provided a service or exercised competition for raw material in certain regions. Their role in recent years is diminishing as processors provide many of the same services. There are a sufficient number of "grandfathered" buyers who will be able to purchase the fish species for which they hold licences.

The requirement that all species of fish, except for live lobster and live eel, purchased by a buyer be marketed through a fish processing establishment is part of the quality assurance program. It will ensure that all fish is subject to inspection.

Some buyer's licences are currently held by individuals and it may be necessary to issue licences in company names to accommodate individuals who wish to incorporate. In the case of amalgamation, a number of licence holders may wish to combine all of their licences under one company name.

5.6 Licence Transfers

This section covers the policy regarding the transfer of species or species groups on a licence from one facility to another.

5.6.1 Policy

There will be no temporary transfers.

All transfer requests will be considered by the Board on a case-by-case basis.

Transfers may only be considered for licences that have been validated for the year in which the transfer request is made.

Individual species or species groups held on a licence may be transferred between active facilities.

In order to transfer from an active facility to an unlicensed facility, all species and species groups on a licence must be transferred.

The transfer must take into account resource considerations in the area from where the licence is transferred as well as the area to where the licence is being transferred.

NAFO Management Zones (see *Annex E*) will be used in determining resource availability and processing activity. Transfers may be considered within and between management zones.

Licence transfers within a management zone need not consider the balance between resource availability and processing capacity.

Licence transfers between management zones shall consider the balance between regional processing capacity and resource availability.

Proponents submitting applications for a licence transfer must have publicly advertised the application prior to its receipt by the Board as outlined in *Section 6.1 – Advertisement of Applications*.

5.6.2 Rationale

The licence transfer policy helps provide some flexibility for processing facilities where viability and resource availability are demonstrated. Transferring licences also avoids the need to increase the number of facilities engaged in primary or retail processing.

The advertisement of licence transfers is part of the transparent process to accommodate industry/community views.

5.7 Change of Operator

This section covers the policy for a change of operator for a fish processing or buyer's licence.

5.7.1 Policy

A change of operator is only applicable to active plants or active buyer's licences.

When a person sells or leases a licensed plant, the new operator must make application to the Board for the issuance of the fish processing licence in the new operator's name.

A change of operator is not the same as a licence transfer. When a licence is transferred, the licence is moved to a new location, whereas a change of operator involves new principal shareholders but the physical location remains the same.

A change of operator of a fish buyer's licence may only be considered where the purchaser buys the company holding the licence.

Proponents submitting applications for a change of ownership must have publicly advertised the application prior to its receipt by the Board as outlined in *Section 6.1 – Advertisement of Applications*.

5.7.2 Rationale

The operation of a licensed processing establishment sometimes changes with the new operator applying for licences held by the previous operator. It is necessary for the new operator to submit a business plan, in order for the Board to determine the new company's commitment to

the operation of the facility, with respect to employment, operating season and quality initiatives, and the viability of its plans.