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Community Based Organizations In The Fish  
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## Background Report

# Community Based Organizations in the Fish Processing Industry in Newfoundland and Labrador

Royal Commission on  
Employment and Unemployment,  
Newfoundland and Labrador

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Robert Thompson

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COMMUNITY BASED ORGANIZATIONS  
IN THE FISH PROCESSING INDUSTRY  
IN NEWFOUNDLAND AND LABRADOR

Wanda Legge

and

Robert Thompson

This Background Report is one of several prepared for the Royal Commission on Employment and Unemployment and is being released in the hope that it will be widely circulated and discussed.

The findings of this Report are the personal responsibility of the authors and do not necessarily reflect the views of the Commission nor of the Department of Rural, Agriculture and Northern Development

September 1986

EXECUTIVE SUMMARY

## INTRODUCTION

The purpose of this study is to assess community-based organizations (CBO's) that operate in the **fish** processing industry in Newfoundland and Labrador. Interest **in** a study of **this** nature arises out of the increasing presence of these groups in the industry, operating under a **variety** of arrangements and experiencing different degrees of success. These groups are typically motivated by a desire to alleviate unemployment and improve incomes in their areas, so they provide a valuable insight into practical attempts at resolving the underlying problems of the rural economy.

For the purposes of this study, **CBO's** are defined as development associations, co-operatives, and fishermen's committees which own **and/or** operate fish processing facilities. A number of additional community action groups were added to **this** core group based on their intensive involvement in sponsoring private fish processors into **their** communities, or **their** ongoing **attempts to become fish processors themselves**. As well, the Labrador Fishermen's Union Shrimp Company was included due to **its** unique ownership **and organizational attributes**.

## METHODOLOGY

Information on the background **and operation** of **each** CBO was obtained through personal interviews with representatives of each organization. Other community level information **on fish** landings, processed fish, population, employment, industry and so on were gathered through secondary sources such as the Department of Fisheries and Oceans, the Department of Fisheries, and Statistics Canada. Interviews were also conducted with federal and provincial government officials in six departments to **ascertain** policy and program positions in regard to **CBO's**.

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### COMMUNITY BASED ORGANIZATIONS

Using the definition outlined above, twenty-seven **CBO's** active in the fish processing sector were identified: twelve development associations, seven co-operatives (two of which did not attain operating status), five fishermen's committees, two community action groups, and one union-owned organization. Many of these groups interact and overlap with each other in their community development activities.

An examination of the stated reasons why **CBO's** were formed reveals that 40 percent of the groups started in response to an unsatisfied need in the fishing industry, 22 percent formed out of a community crisis, and 15 percent were reacting to the general unemployment problems.

### BACKGROUND ON FISH PROCESSING ACTIVITY

The number of **CBO's** in the fish processing sector has grown in recent years with over 14 entering the industry since 1980. The major reason why **CBO's** become involved in the fish processing sector is the perceived inadequacy of the local industry. For example, there may be dissatisfaction with the local fish buyer, or no local buyer at all. A number of development associations entered the industry to assist a **local** fishermen's committee, and others entered in response to the shutdown of a fish plant, or generally to create local employment.

Of the 27 **CBO'S**, two groups own and operate fish plants, nine groups own plants but lease them to private operators, four groups lease and operate provincially owned plants, three groups own plants which are currently inactive, and one group owns and leases two buying stations. There are nine additional groups that have made takeover attempts, are in the process of starting operations, or perform an active **mediatica** role between government and the private operator. These groups are of interest to this study because their motivations in terms of community development are similar to the more active **CBO's**.

PROFILE OF FISH PROCESSING OPERATIONS

The CBO component of the fish processing sector **is significant in terms of employment and quantity of fish processed.** The communities in which **CBO's** reside **contain 10.2 percent of all full-time** fishermen, and 12.5 percent of vessels 35-64 feet in length. There were 1,497 plant workers in **CBO-related plants** in 1982, and this amount remained stable through to 1984, in **comparison to the industry** at large which experienced cutbacks in the number of **workers over the same** period. The quantity of fish **landed** in CBO plants in 1982 **amounted to 3.1 percent** of total provincial landings, and this increased to 4.9 percent by 1984. Based on these indicators, **CBO-related** fishing activity appears to employ a significant pool **of labour and** is growing in relation to the industry as a whole.

COMMUNITY PROFILES

The CBO communities were profiled according to **social, economic and demographic** indicators, and then compared on a similar basis to a sample of communities chosen **at random from the census.** This exercise was an attempt to see **if CBO communities differed from** average communities in ways **that might explain** why they pursued a community-based **economic** strategy. The results of this **analysis** are inconclusive. Some of the variances found between the two groups include lower **labour** force participation, lower employment population ratios, higher female unemployment, and of course, a labour force composition strongly oriented to the **fish-ing industry.** It is only the **latter variance that** can be directly linked to the **CBO's involvement in the fish processing sector.**

GOVERNMENT POLICY

Government **is** omnipresent **in** the life of a CBO, particularly in relation to **resource management and access to public sources of capital.** Most government departments try to restrict public capital flowing to

CBO's in the fish processing sector due to the present surplus of processing capacity. The quantity of fish being landed can be processed in a much smaller processing industry, and consequently the profitability of the industry is low. Most departments perceive that CBO's do not act in concert with government policy directions, and that they lack the business acumen to operate in the fish processing industry. Co-operatives are usually excluded from this assessment, and some departments regard them in an equivalent manner to private businesses.

The provincial Department of Fisheries maintains a formal policy that prohibits development associations from becoming involved in fish processing. This study concludes that this policy is being applied inconsistently, and that the broader objectives of the Department could be achieved through licencing policy rather than by discriminating against development associations.

Many government financial assistance programs are beyond the reach of most CBO's because they specify strict levels of required equity and a high degree of business sophistication. Rather than assist CBO's to comply with the requirements, the CBO's are simply rejected. CBO's need policies and programmed sensitive to their financial position and level of business capability so they can meaningfully participate in the development of their communities.

#### ADVANTAGES AND DISADVANTAGES

Due to the paucity of information on the profitability of CBO-related plants, it is impossible to evaluate the success of these organizations from a conventional business point of view. Therefore, a more qualitative and localized evaluation procedure was adopted.



The advantages of a CBO approach to a community's fish processing problem, and general economic conditions are:

the processing operation is oriented to community needs and goals;

the operation does not require a specified level of return on investment, and, therefore, can remain active when other processors may shut down;

**CBO's** tend to be **labour** intensive, which blends well with the need for jobs in rural communities;

community ownership can enhance the commitment by workers, especially in a co-operative, and improve labour/management relations;

where the operation is capitalized by the people of the community, the total risk is not borne by any one individual;

a **CBO** enhances the leadership and decision-making capabilities at the local level; and

the use **of CBO's** rather than a shutdown will prevent the social costs associated with **unemployment** and migration.

The disadvantages of the CBO approach are:

the initial level of **business expertise** in the organization is usually low;

a **CBO** has a difficult **time** raising sufficient capital to operate a fish processing business;

the **CBO** can often find **itself** torn between local **political/** community rivalries, pressures and the need to make a hard business decision, a dilemma which is difficult in a democratically run organization;

**CBO's** currently lack **credibility** with financial institutions and government, which is often a necessary ingredient of success; and

reliance on **volunteers** often results in a high turnover of leaders.

The major conclusion of this **study is that the** advantages of **CBO's** outweigh the disadvantages, **especially because the** disadvantages can be overcome by effective government programming.

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PREFACE

The original idea to undertake a study of community-based organization in the fish processing sector arose in February 1985 when the Royal Commission on Employment and Unemployment was appointed. The Department of Rural, Agricultural and Northern Development approached the Royal Commission with a proposal to undertake a research project that would complement the research programme of the Commission.

The chosen research topic, community-based organizations in fish processing, was of interest to the Royal Commission because it investigated a community oriented strategy to alleviate unemployment problems. A better understanding of these groups; how they are motivated, how they operate, what their goals are; might provide new insights into the general problem of unemployment and available solutions.

The Department of Rural, Agricultural and Northern Development's interest in this topic arose from daily interaction with community-based groups such as development associations and co-operatives. The Department has witnessed a growing involvement of these groups in the fish processing industry, with mixed reviews on their success coming from other government department and the private sector. A research effort directed toward community-based organizations would help clarify whether the Department was providing appropriate assistance to these groups, and whether the goals of resource management and community development were being pursued in harmony.

The research team would like to extend thanks to the volunteers and managers of the community-based organizations who agreed to be interviewed regarding the start up and operation of their fish processing activities. As well, thank-you to the government officials who were interviewed regarding departmental policies, and those who provided extensive statistical assistance.

TABLE OF CONTENTS

| <u>Section Number</u> | <u>Section</u>   | <u>Page</u> |
|-----------------------|--|-------------|
|                       | EXECUTIVE SUMMARY  | <b>i</b>    |
|                       | PREFACE  | vii         |
|                       | TABLE OF CONTENTS  | viii        |
|                       | LIST OF TABLES   | xi          |
| 1.                    | <u>INTRODUCTION</u>                                      | 1           |
| 100                   | Introduction   | 2           |
| 1.1                   | Research Goals   | 4           |
| 1.2                   | Definition of <b>CBO's</b>                               | 5           |
| 1.3                   | The Fish Processing Industry                             | 6           |
| 1.4                   | Research Issues  | 8           |
| 1.4 a                 | Existing Community Based Experiments                     | 8           |
| <b>1.4 b</b>          | The Benefits of Local Control                            | 9           |
| <b>1.4 c</b>          | Seeking Innovative Alternatives                          | 10          |
| 1.4 d                 | Fisheries Management Policy                              | 10          |
| 1.5                   | The Role of Unions                                       | <b>11</b>   |
| 1.6                   | Report Structure   | 12          |
| 2.                    | <u>METHODOLOGY</u>                                       | 13          |
| 2.0                   | Introduction   | 14          |
| 2*1                   | Case Studies   | 14          |
| 2.2                   | Government Policy Agencies                               | 16          |
| 2.3                   | Secondary Research                                       | 17          |
| 2.4                   | Information Problems                                     | 19          |
| 2.5                   | Conclusion   | 21          |
| 3*                    | <u>LITERATURE REVIEW</u>                                 | 22          |
| 3.0                   | Introduction   | 23          |
| 3.1                   | Defining <b>CBO's</b>                                    | 23          |
| 3.2                   | Types of Communities in which <b>CBO's</b><br>are Formed | 24          |
| 3.3                   | Roles of Leaders and Volunteers                          | 25          |
| 3.4                   | <b>Why</b> Community-Based Organizations Fail            | 25          |
| 3*5                   | <b>What</b> is Needed to Make <b>CBO's</b> Successful    | 26          |
| 3.6                   | Conclusion   | 27          |

|       |  |    |
|-------|--|----|
| -4. " | <u>BACKGROUND ON COMMUNITY-BASED ORGANIZATIONS</u>                       | 28 |
| 4.0   | Introduction   | 29 |
| 4.1   | Types of Organizations   | 29 |
| 4.2   | Formation/Incorporation of Organizations                                 | 33 |
| 4.3   | Reasons for Formation  | 34 |
| 4.4   | Conclusion   | 36 |
| 5.    | <u>BACKGROUND ON ORGANIZATION'S INVOLVEMENT<br/>IN THE FISHERY</u>       | 37 |
| 5.0   | Period of CBO Involvement in Fish Processing                             | 38 |
| 5.1   | Reasons for Involvement in the Fish Processing<br>Sector                 | 39 |
| 5.2   | Type of Involvement  | 41 |
| 5.3   | Conclusion   | 46 |
| 6.    | <u>FISH PROCESSING OPERATIONS</u>  | 47 |
| 6.0   | Introduction   | 48 |
| 6.1   | Fishery Related Employment   | 48 |
| 6.2   | Fish Landings  | 51 |
| 6.3   | <b>Community</b> Crises  | 57 |
| 6.4   | Summary  | 60 |
| 7.    | <u>COMMUNITY PROFILES</u>  | 61 |
| 7.0   | Introduction   | 62 |
| 7.1   | Population   | 62 |
| 7.2   | Migration  | 65 |
| 7.3   | Employment   | 66 |
| 7.4   | Education  | 70 |
| 7.5   | Conclusion   | 70 |
| 8.    | <u>GOVERNMENT POLICY</u>   | 72 |
| 8.0   | Introduction   | 73 |
| 8.1   | The Department of Fisheries and Oceans                                   | 74 |
| 8.2   | The Department of Fisheries  | 79 |
| 8.3   | The Department of Rural, Agricultural and<br>Northern Development (RAND) | 84 |
| 8.4   | The Department of Regional Industrial<br>Expansion (DRIE)                | 87 |
| 8.5   | Employment and Immigration Canada (CEIC)                                 | 89 |
| 8.6   | The Department of Development and Tourism                                | 92 |
| 8.7   | Issues in Government Policy  | 93 |

|       |  |     |
|-------|--|-----|
| 8.7 a | Community Development Versus Industrial<br>Development   | 93  |
| 8.7b  | The Business Capabilities <b>of CBO's</b>  | 95  |
| 8.7c  | Organizational Structure and Mandate   | 96  |
| 8.7d  | Politics   | 98  |
| 9.    | <u>ADVANTAGES AND DISADVANTAGES OF COMMUNITY<br/>BASED ORGANIZATIONS</u>   | 100 |
| 9.0   | Introduction   | 101 |
| 9.1   | Advantages   | 101 |
| 9.2   | Disadvantages  | 105 |
| 9.3   | Conclusion   | 108 |
| 10.   | <u>CONCLUSIONS AND RECOMMENDATIONS</u>   | 110 |
| 10.0  | Introduction   | 111 |
| 10.1  | Summary and Conclusions  | 111 |
| 10.2  | Recommendations  | 115 |
|       | APPENDIX A - List of Case Studies and<br>Locations <b>of</b> Processing Facilities                                     | 117 |
|       | APPENDIX B - Topics for interviews <b>with</b><br>Government Officials on Policy                                       | 120 |
|       | APPENDIX C - List of Funding Received by<br>Community-Based Organizations <b>by</b> Funding<br>Program, Amount and Use | 122 |
|       | APPENDIX D - Explanation of Sampling Process   | 128 |
|       | BIBLIOGRAPHY   | 130 |

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LIST OF TABLES

| <u>Number</u> | <u>Title</u>   | <u>Page</u> |
|---------------|--|-------------|
| 4.1           | Number of Each Type of Organization  | 31          |
| 4.2           | Reasons Why <b>CBO's</b> Were Formed   | 35          |
| 5.1           | Number of <b>CBO's</b> by Year in Which <b>CBO's</b> Started Activity in Fish Processing Sector                                | 39          |
| 5.2           | Reasons for Involvement in Fish Processing   | 40          |
| 5.3           | Community Based Organization by Type of Involvement in Fish Processing Sector, and Number of Processing Facilities             | 42          |
| 5.4           | Number of <b>CBO</b> - Related Plants, by Type of CBO Involvement in Fish Processing Sector, 1985                              | 44          |
| 6.1           | Number of Fishermen in CBO Communities and Province, 1984  | 49          |
| 6.2           | Number of Jobs in CBO - Related Fish Plants, 1982-82   | 50          |
| 6.3           | Total Fish Landings in CBO Communities and Province, 1982  | 51          |
| 6.4           | Landed Weight of Fish, By Species in CBO - Related Plants, 1982-84   | 54          |
| 6.5           | Landed Weight of Fish, In CBO - Related Plants, As a Percentage of Total Landing for Newfoundland and Labrador, 1982-84        | 55          |
| 6.6           | Plant Production by Species in CBO - Related Plants, 1982-84   | 56          |
| 6.7           | Fish Landings in CBO - Related Communities for Five Years Prior to <b>CBO's</b> Initial Activity in Fish Processing Sector     | 58          |
| 6.8           | Total Income in <b>CBO-Related</b> Communities for Five Years Prior to <b>CBO's</b> Initial Activity in Fish Processing Sector | 60          |

|     |  |    |
|-----|--|----|
| 7.1 | Population 1976 and 1981 - Study and Sample Communities                        | 63 |
| 7.2 | Population - 1981 Breakdown by Age and Sex - Study and Sample Communities      | 63 |
| 7.3 | Migration - 1976 to 1981 Study and Sample Communities                          | 66 |
| 7.4 | Employment - 1981 Breakdown by Sex and Industry - Study and Sample Communities | 68 |
| 7.5 | Social Assistance Cases September 1985 - Study and Sample Communities          | 69 |
| 7.6 | Level of Education - 1981 - Study and Sample Communities                       | 70 |

INTRODUCTION



1.0. INTRODUCTION

Community-based ownership and control of fish processing operations **is** presently the subject of much experimentation in Newfoundland and Labrador. **In** an environment of **general economic uncertainty, and a** declining and inherently unstable **fishing** industry, many communities have sought alternative **means** to control **and expand their** economic **base**. This study will examine the varied groups which comprise the community-based sector **in** Newfoundland to gain a better understanding of their motivations, scope **of** activity, **success or failure, relevance to government policy,** and potential contribution to **community** development and employment.

Community-based economic activity has a long and significant presence in Canada and Newfoundland. The prairie grain pools are a striking example of how primary producers who were marginal to the industrial and financial centres of power, co-operatively created and controlled their source of **livelihood**. The Pools dominated the economy of Western Canada for many years, and continue to make up a major proportion of Canada's exports. Other examples of community-based activity include the network of northern/native craft producer's co-operatives, the Prince Rupert Fishermen's Co-operative which **is the largest** fishing co-operative **in** the world, the **New Dawn development corporation** of Cape **Breton**, and the United Maritime **Fishermen's co-operative** which operates primarily **in** the Maritime provinces but has ventured into Newfoundland on many occasions.

In Newfoundland and Labrador, the community-based sector is currently most visible through the system of fifty-four development associations, however, the role of co-operatives in aiding communities to control **local** fishing activity **extends back to the turn of the century**. This study will also consider the activities of fishermen's committees and, to a **more** limited extent, community action committees. A unique

venture in Labrador involving a union owned business will also be examined.

The common link between these community-based organizations (CBO's) is that they grow out of the desire of local people to control their own **socio-economic** development. The notion of "community" in this usage is usually geographic, for example, one town or a group of towns, but may also mean an occupational or demographic group spread out over a larger geographic area. The case of Newfoundland sealers located in many areas of northern and eastern Newfoundland, joining together in a sealer's co-operative can be regarded as a CBO. The word "community" is, therefore, used loosely to describe a type of development strategy more so than a specific location. Further discussion on defining CBO's is included later in this section.

CBO's have been very active in the fishing industry in Newfoundland. Development associations and fishermen's committees have acted as conduits for public funds into fishing infrastructure such as gear sheds, slipways and wharves.<sup>1</sup> They have also represented local public and fishing interests when dealing with government, media, and private industry. These CBO's have also had definite interests in the fish processing sector due to the jobs and prosperity which fish plants can bring to communities, however, direct ownership or operation of a fish plant has not traditionally been a CBO domain. This situation is quickly changing. Today, CBO's own or operate 19 fish plants in the province, and their significance in terms of quantity of processed fish is growing.

The increasing presence of CBO's in the fish processing sector is an interesting phenomenon. In a conservative society where people have typically been reluctant to challenge recognized spheres of authority, community groups all over the province are making organized statements that longstanding economic structures are not serving their best

interests. They are creating mechanisms whereby authority and power over economic decisions accrue to **the community**, rather than to actors that are not accountable to the community.

Aswell, in certain cases communities have been **marginalized** both in terms of geographic location and their **place** in the economy. Development capital, in seeking the greatest return in the market system, may not be attracted to such communities. Consequently, local people must take care of themselves, rely on their own resources and search for innovative approaches to development. Their driving force is their own personal investment in their community. Community-based action in the fish processing sector is a natural objective for such communities.

### 1.1 RESEARCH GOALS

This study has a dual purpose: to explore the nature of **CBO's** in relation to community goals and local circumstances, and to place **CBO's** in the broader context of government policy, resource management, employment creation, and industrial development. To accomplish this task, the following research goals were adopted:

1. To determine the level of involvement by **CBO's** in the fish processing industry in Newfoundland and Labrador.
2. To ascertain the motivating factors behind **CBO's** becoming involved in fish processing.
3. To assess the success or failure of CBO activity, both based on locally-defined criteria and conventional economic criteria.
4. To determine the impact of government policies and programming on the **CBO** sector.

5. To discern the advantages and disadvantages of **CBO's** in fish processing, and in particular to examine the various models used in different communities.

Based on this research, conclusions and new directions can be put forward regarding development programming and government policy. Hopefully, the research results would contribute to a realistic understanding of the place of **CBO's** in the fishing industry.

#### 1.2 DEFINITION OF CBO'S

As noted above, the convenient use of the term "community-based" permits a wide collection of groups to be designated as **CBO's**. For the purposes of this study, regional development associations (**RDA's**), fishing co-operatives and fishermen's committees will be the primary focus of attention. A number of community action committees have been included due to their current prominence, and the interesting case of the Labrador Fishermen's Union Shrimp Company will also be examined. In other areas of Canada, community development corporations would likely be included on a list of **CBO's**, but this type of organization is not very active in Newfoundland, with the exception of a number of **LEAD Corporations**<sup>2</sup> which have no present involvement in fish processing.

The essence of a community-based strategy to economic development is suitably captured by Wismer and Pell:<sup>3</sup>

1. **CBO's** undertake strategies of social and economic development at the community or regional level. Development is directed towards the specific local circumstances.
2. There is a belief by the participants that development must be integrated meeting social, cultural and economic goals.

3. The development of local resources is aimed at maximizing local benefits and the conservation/regeneration of local resources.
4. The organization retains a not solely for profit status. That is, profits are used for the benefits of the community as a whole and are not solely for project members.
- 5\* Democratic processes are maximized in internal decision making and in community mobilization. There is a belief in the right and ability of people to manage their own social and economic development.
6. The development process recognizes and supports a broad definition of work, including paid employment, volunteerism, subsistence activities, and other non-market essentials.

Clearly, all the groups identified in this study do not adhere to all these principles, but there is an underlying commonality among all the CBO's which is reflected here. A more detailed analysis of structures in Section 4.1 will show how the definition of CBO's is translated into working organizations.

### 1.3 THE FISH PROCESSING INDUSTRY

It is necessary to view the growth in CBO processors in light of trends in the fish processing sector as a whole. There are two trends that are of particular interest here: the expansionary environment of the late 1970's, and the crisis/rationalization period which followed. Although the history of some CBO's predates this period, most of the CBO's active today were deeply influenced by these trends.

The declaration of extended fisheries jurisdiction by the Canadian government on January 1, 1977 marked the end of a period of declining fish landings and industry malaise. The late 1970's was characterized by rejuvenating fish stocks, especially the **2J3KL** cod stock, an expansionary provincial government fisheries policy,<sup>4</sup> and growing private and public investment in fish processing capacity. Between 1976 and 1979 the annual average rate of growth in fish landings was 30 percent, annual capital investment in the processing sector increased by 200 percent between 1977 and 1979, and the number of **licenced** fish processors grew by 22 percent during the same **period**.<sup>5</sup> A direct effect of this expansion was the growth in fish plant employment, from an annual average of 4,344 jobs in 1975 to 9,807 in 1979, a 126 percent **increase**.<sup>6</sup> Of course the total number of jobs far exceeds this number when seasonal workers are included.

Many rural communities experienced unprecedented economic buoyancy during the late 1970's, but this soon disappeared as the fishing industry entered into crisis. The downturn of the 1980's was not precipitated by a resource crisis, but rather ironically was partially induced by the expansion of the earlier period. Overinvestment based on debt capital became burdensome when interest rates rose dramatically, and faced with weak market prices, processors witnessed their costs growing faster **than revenues**.<sup>7</sup> During this period of restructuring, which is still underway, capital expenditures declined by about 80 percent (1980-83), the number of processing **licences** stabilized, and fish plant employment dropped from 9,807 jobs in 1979 to **7,917** in 1984, a 19 percent decline.

These circumstances provided severe unemployment and income shocks to rural areas, and possibly as important, they created uncertainty about the future. Many communities had organized to participate in the expansion of the late 1970's, and the subsequent crisis induced them to consolidate their gains and to take a degree of control over their economic environment.

## 1.4 RESEARCH ISSUES

In addition to the research goals defined earlier in this section, it is useful to elaborate on some of the issues which make this study timely and which place it in the context of a wider set of ideas.

### 1.4.a Existing Community-Based Experiments

There are a large number of communities involved with various types of organizational models, both inside and outside the fishing industry. All these models have similar goals, to enhance the economic and social condition of the community, but there has been very little assessment of how these models compare with each other and which is the most effective. It is likely that each model is suited to a specific type of community action or business capacity, but there has been very little research on this issue.

One notable exception is the study by Jackson on **community-**based action in small scale fisheries in Newfoundland.<sup>a</sup> This study compares three types of organizations: co-operatives, worker co-operatives and community development corporations. However, this study attempts to define what is possible in Newfoundland based on experiences elsewhere, rather than assessing the success of existing experiments in the province. Jackson's conclusions enthusiastically support the expansion of community-based ventures, especially from the view that these ventures are appropriate to small, remote communities.

Comparative studies of organizational models are also made on a weekly and monthly basis as community groups hold meetings with other groups already operating in the fishery, or at development conferences which are held with increasing regularity throughout the province. An example is a February 1986 conference sponsored by

three development associations in the **Bonavista-Trinity** area where the President of the Petty **Harbour** Fishermen's Co-operative was invited to make an address on the realities of organizing a fishing co-operative.

These types of meetings are probably the most useful arenas for information transfer on community-based activity in the fish processing sector, however, they do not provide a consistent treatment of the range of available options. It is hoped this study will make a contribution towards filling these gaps.

#### 1.4.b The Benefits of Local Control

The literature on community development typically assumes that local control of economic activity **will** achieve the greatest economic **benefit**. These benefits would appear in the form of retained profits, emphasis on employment over return on investment (to the extent possible), and a recognition of the importance of the community as a viable unit.

This assumption is contradictory to classical notions about the market economy which say that the greatest good derives from economic actors making free choices based on self-interest. Such choices should be independent of the concept of community.

In practical terms this dichotomy is not so distinct, and government policy reflects elements of both viewpoints. A study of **CBO's** must address this debate because a positive or negative assessment of **CBO's** is directly linked to policy instruments that support or negate their impact.



1.4. C Seeking Innovative Alternatives

The two recessions of the early 1980's, and the slow recovery, have put pressures on governments to seek alternative solutions to economic problems. In the industrial heartlands many plants have closed permanently, and depressed markets have severely harmed the outlook for rural communities which are dependent on the export of commodities. In the United States there has been a massive expansion in the use of Employee Stock Ownership Plans to revive failing companies. In Canada, the federal government has experimented with incentives for profit-sharing plans to improve productivity. More recently they have proposed tax breaks for individuals contributing to 'solidarity funds' which assist companies in declining industries. The federal government also proposed a unique type of development corporation for the fishing industry in Newfoundland, north of the 50th parallel, but the outcome of this proposal **is still** unknown.

These actions demonstrate a willingness by government to seek innovative solutions to difficult economic problems. In this context, an assessment of **CBO's** in the fish processing sector is timely.

1.4.d Fisheries Management Policy

Fisheries management policy is premised on harvesting the resource **at the level** of **maximum economic** benefit to society. This level **theoretically** allows for **the extraction** of the greatest economic rent from the resource, combined with preservation of the stocks. Flowing from this logic is the policy that harvesting and processing **capacity should be closely aligned** with the available resource so **that the resource rent will not** be dissipated over unproductive capital and **labour**. This policy is manifested in limited entry **licencing** and a freeze on processing **licences**.

This study will specifically address government policy to assess the extent to which the existence or expansion of **CBO's** in the fishing industry might conflict with resource management and industrial development.

#### 1.5 THE ROLE OF UNIONS

The major organizational innovation in the fishing industry in recent years has been the United Fish, Food and Allied Workers **Union**. Working conditions, wages and prices have all improved, and the union has considerably enhanced the position of fishermen in the power structure of the industry.

The fishermen's union is a more significant actor in the fishing industry than **CEO'S**, and in a fashion the goals of the union are very similar to those of **CBO's**. Both wish to change the focus of authority over economic decisions, and both wish to improve the position of people who are typically **marginalized** in the production process. However, differences arise in that the union's focus is primarily occupational and it does not attempt to own or operate fish processing assets. One exception to this statement is the Labrador Fishermen's Union Shrimp Company, however, this is a very unique case.

The **CBO's** examined in this study have a community-wide focus and they clearly want to control fish processing activity. They have chosen an alternative to the union in attempting to improve their economic situation, however, this does not translate into a rejection of the union.

This study does not include the union as a unit of analysis, but it is clearly recognized that the union has in many cases created an environment in which community-based action is possible. It is also recognized that there are opportunities for the union and **CBO's** to build strong links with each other in pursuit of common goals.

1.6 REPORT STRUCTURE

This report begins with a description of the research methodology used for this study. This is followed by a description of the organizational models which are examined in the study, and a statistical overview of the community-based sector. In the latter section "crisis hypothesis" of the formation of **CBO's** is assessed. Next, a discussion of the **self-**reported reasons for formation is presented, as well as the reasons why action in the fishing industry was required. . A comparison of these qualitative assessments will then be made with a statistical review of the demographic and economic structure of the CBO communities. A review of government policy is then presented, followed by an assessment of the advantages and disadvantages of the CBO strategy. Financially, an evaluation of the success of **CBO's** will be made , and general conclusions with relevance to public policy will be drawn.

SECTION 1

FOOTNOTES

1. For example, see Newfoundland and Labrador Rural Development Council, Regional Development Associations in Newfoundland and Labrador: A Project Inventory, 1983.
2. LEAD Corporations are created through a program of Employment and Immigration Canada.
3. S. Wismer and D. Pen, "Community-Based Economic Development and Community Self-Reliance\*" in Rethinking Community Development in a Changing Society: Issues, Concepts and Cases, edited by Hubert **Camptens** (Ontario 1982), pp. 69-70.
4. For **exmample**, see Government of Nfld. and Labrador, White Paper on Strategies and Programs for Fisheries Development to 1985 (St. John's, 1978); and "The Position of the Government of Nfld. and Labrador on the Harvesting of the 2J+3KL Cod Stocks", Presented at the Govt.-Industry Seminar on Northern Cod, August 28-30, 1979, Corner Brook.
5. Statistics derived from Govt. of Nfld. and Labrador, Historical Statistics of Nfld. and Labrador, Vol. 11 (IV) (St. John's, 1985); Statistics Canada 31-203; and the Department of Fisheries, "List of Fish Processors\*\*".
6. Statistics Canada, 72-002 and 32-216.
7. M.Kirby, Navigating Troubled Waters, Task Force on Atlantic Fisheries, (Ottawa, 1983).
8. **E.T. Jackson**, Community Economic Self-Help and Small-Scale Fisheries (Ottawa, 1984).

## METHODOLOGY

## 2.0 INTRODUCTION

The research for this study was carried out **by** several staff members of the Research and Analysis Division. Throughout this study the researchers worked very closely with representatives of the Royal Commission on Employment and Unemployment. A committee was established to meet at arranged intervals to discuss the material being compiled and to monitor the progress of the research. The committee consisted of researchers from the Research and Analysis Division, the Royal Commission and the Department of Development. The Provincial Department of Fisheries was also invited to send a representative.

### 2.1 CASE STUDIES

The first step in the research for this study was to prepare a list of the community-based organizations involved in the fish processing industry in Newfoundland and Labrador (See Appendix A, page 129 for the complete list). This list was compiled through a search through departmental files. Particularly helpful was the Newfoundland and Labrador Rural Development Council's Project Inventory (1983) which lists all the projects undertaken by development associations over the previous ten years. This file search was supplemented by conversations with staff from the Regional Development and Co-operative Divisions of the Department of Rural, Agricultural and Northern Development, the Field Services Division of the Department of Fisheries, the Employment Development Branch of Employment and Immigration Canada and the United Fish, Food and Allied Workers Union. Finally to ensure that all avenues had been explored, development associations throughout the province were contacted individually to determine if there was an involvement that had not yet come to our attention.

It is entirely possible that there are other examples of CBO activity in the fish processing sector not included on the list of cases

**prepared** for this study. However, it can be confidently stated that the list provided in Appendix A is the most comprehensive one available and provides an excellent **overview** of **CBO** representation **in** fish processing.

With a list of potential contact organizations in place, the next step was to decide how best to approach these organizations and gather the information needed. It was decided that personal interviews would be the most appropriate approach. This method was chosen for several reasons. First of all, the personal approach tends to encourage respondents to talk openly. This was thought to be particularly important in discussing reactions to government policies and programmed. Secondly, the information being sought is specific to each case study. The personal interview gives the researcher the time and contact to be able to explore the unique experiences of the organization. Thirdly, it was felt that the direct interview process would show respondents that they truly had an input into the content of the **final** report. For similar reasons it was decided to use the loosely structured interview format in which the researcher could probe beyond the answers given to specific rigid questions and to get a feel for the organization's history and involvement in fish processing.

A question sheet was prepared to guide the informal, loosely **struc-** tured interviews. The questions were designed to probe the specific circumstances surrounding the start-up of the organization and its involvement in fish processing. The reaction to government fisheries and development policies and the relationship with the pertinent government departments were areas that received a great deal of attention during these sessions. In addition, specific factual information on the plant's operation was sought.

Each **CBO** was contacted, and the **goals** of the study and our needs were **outlined**. **it** was requested **that respondents** be **chosen** for **their** knowledge **of** the organization **and its involvement** in **the** fish processing

sector. The respondents, in general, were very helpful and informative. In certain cases, their knowledge was lacking on specific aspects of plant operation such as the amount of fish processed, the amounts and types of funding acquired and so forth. These gaps in information could be supplemented from other sources, so this was not an insurmountable problem. Several sources, including people having different perspectives on the situation (i.e. CBO representatives, government field workers, plant managers, etc.) were sought when possible to ensure that the total picture was being viewed.

The vast majority of these interviews were conducted in person. However, in a few cases this was not possible, when near the end of the study, time and manpower were in short supply. These remaining interviews were conducted over the telephone and no major problems were experienced. It was not possible to conduct two interviews, with representatives from the Wild Cove Fishermen's Committee and the Red **Harbour** Fishermen's Committee. These case studies were not identified until the report was **being** written. After several attempts to make contact, it was decided that it was too late to carry out extensive interviews.

## 2.2 GOVERNMENT POLICY AGENCIES

Information on public policy was gathered through interviews with 20 government officials from the following departments. The number of interviews are indicated:

- **Fisheries** (Newfoundland) - 4
- **Fisheries and Oceans** (Canada) - 4
- **Rural, Agricultural and Northern Development** (Newfoundland) - 4
- **Development** (Newfoundland) - 1
- **Regional Industrial Expansion** (Canada) - 4
- **Canada Employment and Immigration Commission** (Canada) - 3.



These officials were selected based on their proximity to programmed and policies that apply to **CBO's**. Once again, personal interviews were conducted using an open-ended question guide which formed a basis for discussion. The policy questions (see Appendix B) centered around the existence of policies that affected **CBO's**, the extent of conflict with **CBO's** experienced with these policies, and the role which the Department felt that **CBO's** should play in the fish processing sector.

In only one **instance** did a Department have a formal written document to offer **which** enunciated **the policy towards CBO's** in fish processing. The remaining Departments constructed a description of their **policies** based on criteria from specific programmed or operating conventions which had gained **acceptance** over **time**.

The policy statements were compared with the **CBO's** perceptions of government policy, as gathered during the interviews. Further comparisons were made between the description of government financial and technical assistance programmed accessible by the **CBO's** and the extent to which **CBO's** reported using these programmed.

### 2.3 SECONDARY RESEARCH

To complement the personal interviews a comprehensive literature\* review was undertaken by the researchers. The review covered material already prepared on the case studies themselves. Other information gathered looked at the involvement of **CBO's** in the fishery in general. Background was also prepared on the fishing industry in Newfoundland with specific emphasis being placed on fisheries policy both at the federal and provincial level. There was not a great deal of material on **CBO's** being involved in the fishery and very limited documentation of cases in Newfoundland. However, community-based organizations are an **interation-**al phenomenon on which extensive writing has been completed. The transference of these cases to the Newfoundland experience was difficult at best in many instances, but they did provide insight into the common features of CBO experience.

The collection of secondary source statistics formed the basis for fisheries related profiles of **CBO's**, **socio-economic** profiles of their host community, and comparison profiles of a sample of Newfoundland communities. CBO Study communities were defined as those having the fish processing facility within their boundaries. Although the impacts of the facility's operation could not be so rigidly contained, this study restricted itself to these communities for several reasons.

1. The host community was undoubtedly directly impacted by the plant's operation.
2. It was difficult to isolate the effects of the plant on other communities with various other influences acting upon them.
3. It was difficult to know when to stop in preparing the list of study communities. Including all communities which were potentially impacted, would make the data questionable and unnecessarily cumbersome.

There are two aspects of the study communities which must be noted. First of all, in the case of the proposed Uppter Trinity South Co-operative, there were a group of fishermen in Norman's Cove who were instrumental in trying to establish the Co-operative. Their involvement was such that it is given equal weight to that of the plant workers in South **Dildo**, the location of the plant. Secondly, the study sample for the population statistics includes more communities than the sample for the fisheries statistics. This **is** because there are a small number of cases where the CBO involvement in plant operations **is** limited to a mediation role and so **the statistics** on the **relevant** plants are not reflective of CBO activity.

The second set of communities was composed of a sample randomly chosen from the census and then screened by population size (see Appendix D, page 139 for a more detailed description of the sampling process).

Within the two sets a **socio-economic** profile was prepared for each individual community. Each profile included data on population size, population breakdown by sex and age, educational **status**, migration and **labour** force characteristics. Then the figures in each category were combined into one figure representing the study communities and one figure representing the sample communities. These figures were then compared to assess the similarities and /or differences between the two sets and whether or not any differences might explain why these communities were motivated to undertake community-based economic action.

Fisheries related statistics were collected for the plants and pertinent study communities. These statistics were gleaned from the files of the Federal and Provincial Departments of Fisheries and from the representatives of the community-based organizations.

Government agencies providing financial and technical assistance to **CBO's** for fish processing were contacted to determine the amounts of funding accessed and the specific ways in which the money was used. The types of programs accessed is particularly interesting in light of the programs available. The focus was on the extent to which **CBO's** are aware of the funding programs which they are eligible to access and whether or not they do apply for funding through the programmed.

#### 2.4 INFORMATION PROBLEMS

Inevitably there are problems with compiling large amounts of information from several sources. This research was no exception. Some of the major problems resulted from the years from which the information was needed. For many organizations formalized record keeping is a recent phenomenon. Earlier activities and experiences must be pieced together from files and personal recollections, both of which may give slightly blurred accounts. **In** several instances the lack of early records meant that information and discussion had to be restricted to recent years.

For **example**, although many **CBO's** said that they **recieved** funding from various sources as early as the 1960's, some major funding sources could only provide data for the 1980's.

The high turnover of participants in **CBO's** was another major problem. Often the people who started the organization or helped to initiate the **CBO's** involvement in fish processing are no longer with the organization. Once again, this meant that many sources had to be consulted to get an understanding of the situation. Conflicts in reports were not as big a problem as were the gaps in information which had to be closed in piece by piece.

Census data is a very useful tool, but it has limitations. Unincorporated communities are very difficult to profile accurately. The information collected for incorporated communities **is** not always available for unincorporated communities. Furthermore, the unincorporated communities may change boundaries from census year to census year, being first aggregated with one or more communities and later aggregated with others. Incorporated communities may also be aggregated with other communities when they share a municipal council. This makes it impossible to prepare profiles of individual communities separated from the others. The limitations on the data presented in this report are noted where the particular portions of information are presented and discussed.

These problems **mean that there are some gaps** in the information presented in this **report**. These are noted and allowed for in the analysis. For the most part, the **problems have** not been overwhelming. Where gaps existed in one source, another source was consulted to close the gaps in.

The only major area of missing data concerns the financial status of plant operations. Many **CBO's** do not actually operate plants, rather they lease them out to private operators. Therefore, they are not in a

position to know the profit or loss status or the balance sheet health of the fish processing operations. Unfortunately, "this situation **limits** the ability of this study to **state** with certainty that CBO involvement in the fish processing sector is a success or failure from a conventional business point of view. The best financial information comes from the three active co-operatives, but these cases cannot speak to the broad range of CBO activity. Consequently, the evaluation of financial status is impressionistic, and success or failure is judged on community defined criteria.

## 2.5 CONCLUSION

A great deal of first hand data collection and secondary literature reviews have been carried out for this study. Several researchers have co-ordinated their efforts to complete the investigation required. In general, the people consulted at both the CBO and government levels have been most helpful and informative. As with all data collection, problems occur and as far as possible these have been overcome. Where not possible, the problems are not serious enough to interfere with a balanced analysis.

LITERATURE REVIEW

### 3.0 INTRODUCTION

The literature on community-based organizations presents **community-** based activity as an alternate development strategy to the traditional economic process ongoing in Canada. Writers recommend that **CBO** activity can be a successful response to economic hardships in this period of recession. They also emphasize that community-based development is a difficult process requiring tremendous volunteer effort, internal commitment and in most cases, external assistance.

### 3.1 DEFINING CBO'S

Community-based organizations can take on a myriad of forms. **Wismer** and **Pell**,<sup>1</sup> community consultants, offer examples of what they term as community economic development being carried out by organizations such as community co-operatives and community development corporations. Jackson,<sup>2</sup> writing on community self-help in the fishery, adds worker co-operatives and employee owned firms to the list. Lotz<sup>3</sup> identifies LEDA Corporations (Local Economic Development Assistance Corporations) and regional development councils as other forms of community oriented development organizations. Although these organizations may be very structurally different, they operate according to several shared goals and principles. These are outlined in detail in the introductory section, but basically they are all democratically run organizations which are focused on development at the community level. Community goals are more important than profit margins. Development tends to be integrated, encompassing social and cultural goals into the economic activity. However, as **Wismer** and **Pell**<sup>4</sup> point out, this type of community-based activity varies from the stereotype in that economic goals are an essential ingredient. Businesses are run as businesses to the extent that the operation must be maintained. They differ from private businesses because they operate not predominantly for **profit-** making.

3.2 TYPES OF COMMUNITIES IN WHICH CBO'S ARE FORMED

There is no one type of community in which CBO's can be predicted to form. However, there are shared experiences. Jackson<sup>5</sup> outlines several characteristics which are common to small fishing communities throughout the world.

Most small fishing communities are characterized by the following **socio-economic** conditions: remote locations, poor communication, low-income levels, vulnerability to environmental disasters, low housing standards, inadequate public utilities and health services and insufficient opportunities for training and education.

Jackson writes that these characteristics are evident in Atlantic fishing communities north of the 50th parallel. He writes that community-based economic activity is a viable development strategy in these types of communities.

Generally, CBO activity is recognized as a viable alternative in communities with poor economic choices and limited employment potential. Wisner and Pell<sup>6</sup> write that in communities where high unemployment and low incomes are a day-to-day reality, CBO initiated development is a desirable development strategy, particularly in light of the inability of traditional economic strategies to meet local needs. This concept of a gradual awareness of economic hardships and the unified desire to overcome these difficulties is in contrast to the normally held belief that a community takes control of its own economic development when faced with a major crisis that must be dealt with immediately in order to preserve the community. That is not to say that the literature has not recorded incidence of community-based activity erupting in direct response to a **specific** event.<sup>7</sup> However, the literature reviewed generally identifies on-going economic difficulties as the accumulated motivating force behind organized community economic activity.



### 3.3 ROLES OF LEADERS AND VOLUNTEERS

Throughout the literature the importance of a small core group, even a single person to create an awareness among the people and mobilize them as one unit, is emphasized. Blonde and Nares write, "...we would suggest that the achievement of social development goals is directly related to the ability to involve citizens in a community development process aimed at meeting human needs".<sup>8</sup> This is equally true for economic activity which is aimed at citizen participation in community development. The basic goals are the same. The leaders are given a major responsibility and from them much is expected. The demands on volunteers are great. Wisner and Pell<sup>9</sup> estimate that it takes approximately five years to get a community economic development project stabilized. In this time the volunteers must juggle economic, social and cultural goals, acquire management and business skills, remain enthusiastic and committed, all with little recognizable returns.

### 304 WHY COMMUNITY-BASED ORGANIZATIONS FAIL

Blonde and Nares write that government policy opposes community development, however, inadvertently, simply because it was not developed with community level participation. Government programmes are imposed upon communities. Therefore, it follows that CBO's which try to return control back to the community would be in opposition to this process. Carter<sup>10</sup> re-emphasizes this feeling in regard to the Newfoundland industry.

Wisner and Pell<sup>11</sup> write that "Overwhelmingly, problems arise from management difficulties and a lack of financial resources."\* The dependence upon volunteers having limited knowledge and skills as managers, particularly in a CBO project where social, cultural and business factors must be accommodated, makes management positions ones which must be learned on the spot, creating a seemingly endless array of slowdowns and impediments to success.

Jackson<sup>12</sup> reiterates Wismer and Pen's contention that the lack of adequate financing is a major, if not the major impediment to success. Unable to generate sufficient capital internally, CBO's must turn to government and other funding agencies. CBO's often describe themselves as the third sector of economic activity - neither private nor public.<sup>13</sup> This uncertainty concerning their status makes CBO's unattractive, if not ineligible for many funding agencies. Being businesses they are expected to compete with private operators. However, their community origins and focus makes this impractical, if not impossible. On the other hand, CBO's may be viewed solely as social action groups and, therefore, may be regarded as lacking the skills to be able to carry out such an enterprise. This may be true for individual community-based organizations just as it may be true for individual businesses. However, these conceptions cannot be arbitrarily applied to all CBO activity.

### 3.5 WHAT IS NEEDED TO MAKE CBO'S SUCCESSFUL

Jackson<sup>14</sup> writes that developmental finance is essential to the success of CBO activity. He proposes that a development corporation, as suggested in the Kirby<sup>15</sup> report, be established to look after the needs of the Atlantic Fishery north of the 50th parallel. He recommends in part that the development corporation should be a financial institution, which could promote community-based activity by providing loans, loan guarantees, subsidies, direct investment and grants to community-based organizations. Jackson insists that the Corporation should not be the sole supplier of capital.

Wismer and Pen suggest other smaller-scale methods of generating capital such as using wage earner funds or pension funds as investment capital.<sup>16</sup>

The literature agrees that lack of financial assistance is one of the most difficult obstacles facing **CBO's** today. It further agrees that there are ways around this obstacle, partially **by** generating capital at **community** level, including non-monetary investments of sweat equity, for example, and partially through external assistance from government and other financial institutions.

Jackson quotes two other elements necessary for the success of **CBO's** in the fish processing sector. Technical assistance in managing the processing facility is the first element. This assistance can come **in** many forms including training in marketing, the compilation of business plans, and organization development.<sup>17</sup> Finally, Jackson feels that the local populace must be developed through education and organization to be able to handle their own development. In other words, the local people must be assisted in establishing their capabilities to control their own development.

### 3.6 CONCLUSION

The literature indicates that CBO activity is a viable development strategy for many communities. The internal resources must be there in terms of commitment and **labour** force. However, government agencies outside of the community must help by providing **financial** and technical assistance necessary to bring local people to a level of **self-sufficiency**.

SECTION 3

FOOTNOTES

1. Wismer and Pen, *"Community Based"*, p. 68.
2. Jackson, p. 2.
3. Lotz, "Community Enterprises" in Policy Options, edited by Tom Kent (March/April 1984), p. 40.
4. **Wismer** and Pen, **"Community Based"**, p. 68-73.
- 5\* Jackson, p. 2.
6. **Wismer** and Pen, *"Community Based"*, p. 72.
7. For example, R. Anderson, "Corporate Expedience, **Labour** Force and Government Orchestration in Modern Newfoundland Fishermen", a paper presented at the Nordisk Forskerseminar, (Denmark, 1983) and R. Carter, The Fogo Island Co-operative: An Alternative Development Strategy? **M.A.** Thesis (St. John's, 1984).
8. D. Blonde and P. **Nares**, *"The Adult Residential Facilities Task Force. A **Community** Development Strategy in Influencing Provincial Social Policy"* in Rethinking Community Development, (Lake Couchuiking 1982), p. 181.
9. **Wismer** and Pen, "Community Based", p. 73.
10. R. Carter, Something's Fishy: Public Policy and Private Corporations in the Newfoundland Fishery, (St. John's), p. 27.
11. **Wismer** and Pen, *"Community Based"*, pp. 73-75.
12. Jackson, p. 32.
13. **Wismer** and Pen, *"Community Based"*, p. 74, quoting G. McLeod "Community Development Corporations: Theory and Practice", (unpublished), June 1978.
14. **Jackson**, pp. 34-36.
15. Kirby, p. 253.
16. **Wismer** and Pen, **"Community Based"**, pp. 76-79.
17. Jackson, pp. 39-40.

BACKGROUND ON  
COMMUNITY BASED ORGANIZATIONS

400 INTRODUCTION

Twenty-seven cases of community-based organizations actually involved in the fish processing industry have been identified for this Study . This section focuses on why and how these organizations came into being. Questions such as these were asked: What were the **socio-economic** circumstances existing at the time when the **CBO** was formed? What factors motivated the local people to organize? **CBO's** are by definition **community** oriented groups. They respond to specific localized needs and concerns. Therefore, the context in which **CBO's** develop and operate should be important in determining CBO activity. (See also Section 7.) As well, the success or failure of **CBO's** should be looked at in terms of the local circumstances and the original goals of the **CBO's**. (See section 10, pages 122-27.)

4.1 TYPES OF ORGANIZATIONS

The twenty-seven case studies are divided into five separate categories: development associations, co-operatives, fishermen's committees, community action groups and union-owned. Before discussing how these organizations interact and overlap, a general outline of the organizational structure and objectives of each will be presented.

Development **associations are regionally based, voluntary, non-profit** corporations which **undertake community development activity in** 54 regions of rural Newfoundland. Members of the associations are drawn from the communities within **specified regional boundaries**. Community committees are elected at public meetings, and from these committees the directors of the regional **associations are selected.**<sup>1</sup> Due to their non-profit and voluntary nature, development associations have usually sponsored projects of short duration rather than on-going commercial ventures. In the small **number of commercial ventures that have been started**, most have had the intention of conversion to private sector ownership. However,

there is a growing number of on-going operations that are remaining under the control of the associations. Development associations rely on government agencies for most of their development capital, which often means that the priorities of associations are constrained by the programme criteria of granting agencies.

Co-operatives are businesses which are organized by groups of people who wish to provide themselves with a service. In relation to this study, groups of fishermen have made joint investments to set up fish buying and processing businesses. These co-operatives provide a marketing service for the fishermen, and have further objectives of creating onshore employment and community viability. Membership in a co-operative is based on the purchase of a share, and each member has an equal voice in the running of the co-operative no matter how many shares a member may own. The Board of Directors is elected by and from the membership, and in turn hires management and staff to carry out day to day operations. Profits of the co-operative are redistributed to members based on a formula which measures the **level** of activity (i.e. fish landed) that each member has with the co-operative. There are many variations on the basic co-operative model, but they all adhere to this general description.

Fishermen's committees are formed to represent the interests of fishermen in a community. Some fishermen's committees are incorporated and have a high level of activity, credibility and permanence. Many others are loosely structured units that become active around a specific issue, for example, to sponsor a project for constructing a wharf. many fishermen's committees **also** feed directly into the **U.F.F.A.W.** union as a form of grassroots network. The committees examined in this study have extended their activity to determining the nature of the processing sector in their communities.

Community action groups are temporary coalitions of community leaders and concerned citizens who form around a major issue to promote the interests of the local area. These groups usually have no legal status, and tend to fade away when the major issue declines in importance.

The \*'union-owned'" category refers to the Labrador Fishermen's Union Shrimp Company which was originally organized by the fishermen's union as a co-operative on the south coast of Labrador. Although it now operates as a limited liability company, it is an interesting example of community-based activity because it draws many of its directors from area fishermen, and draws organizational and financial backing from the union, which in a sense is a community of fishermen. The Shrimp Company model has not been replicated elsewhere in the province. The breakdown of the numbers of case studies in each category is provided in Table 4.1

TABLE 4.1

NUMBER OF EACH TYPE OF ORGANIZATION

| <u>Organization</u>      | <u>Number</u> | <u>&amp;</u> |
|--------------------------|---------------|--------------|
| Development Associations | 12            | 44           |
| Co-operatives            | 7*            | 26           |
| Fishermen's Committees   | 5             | 19           |
| Community Action Groups  | 2             | 7            |
| Union Owned              | 1             | 4            |
| <u>TOTAL</u>             | <u>27</u>     | <u>100</u>   |

**\*Two of the cases in this category, Upper Trinity South and Fortune Bay, were actually attempts to establish co-ops. These co-ops are not operating.**



As can be seen in the above table, the greatest single **representa-**tion is by development associations. The separation of organizations is not always as clear as it would appear from the table. Very often the groups in an area will overlap in membership and executives. There are also numerous examples of the groups working together in the fish processing industry. An example of this shared participation exists in the community of Riverhead, St. Mary's Bay. The fishermen's committee in Riverhead owns the processing facility located in that community. In 1985 the fishermen's committee was successful in leasing out the facility to a private operator. The operator required an extension to be constructed onto the facility. Being better able to access funding than the fishermen's committee, the St. Mary's Bay Center Development Association, on behalf of the fishermen, applied for and received funding to complete the extension. The committee pays a fee to the Association for use of the additional space. In reality then, both representative organizations are involved in leasing the facility out to a private operator and keeping the plant operational. This particular example is placed under the category of development associations because the St. Mary's Bay Center Development Association was quite active in 1985 in getting the extension built and the operation in place. However, it would be just as accurate to place it in the category of fishermen's committees.

The above example showed that the development association became involved mainly because it had access to funding which the fishermen's committee did not. This is true in several of the cases. Development associations are set up as development agencies and are recognized as such by government and other funding agencies. They have greater access to funding programmed because they are generally better able to meet the eligibility requirements. Development associations often act as the **co-ordinating** agency for community and regional development in rural areas, working with and for other local groups.

From a slightly different perspective, the Cape Shore Development Association is compelled to work through the fishermen's committee at Branch because the provincial Department of Fisheries will not license the facility if owned by the development association but will license it if owned by the fishermen's committee (see page 87 for an explanation of this **policy**). These two groups are bound together as a result of government policy. The development association, instead of being the central development agency, must take a lesser role and work through the fishermen's committee to ensure that its goal for reopening the **Brnach** fish plant is realized.

These examples show that community-based organizations are not always separate, independent groups. Very often they work with other groups within the region. Repeatedly throughout the interviews, **it was** mentioned that the Boards **often** overlapped between development **associations** and **fishermen's** committees and co-operatives. **This is** understandable when dealing with **small populations and limited** development choices. Development goals and concerns **will** overlap and the pool of potential leaders and organizers will be small.

#### 4.2 FORMATION/INCORPORATION OF ORGANIZATIONS

**It is** extremely difficult to assess the average period of time in which these community-based organizations **have** been in operation. Using the date of incorporation one can establish a fixed date of formalization for most of these organizations. For the remainder, the formation date of each has to be affixed to a certain period which is as accurate as the available information can make it. **By** using the incorporation or formation dates of the twenty-three case studies for which this is applicable (two attempted **co-ops** were never incorporated and for two cases the formation dates are not available), the average duration of operation is 6.3 years.

This figure, however, is not an accurate representation of how long these **CBO's** have been working within their areas. Incorporation and formation dates tell very little about the origins of the majority of these organizations. Many were operating as community groups long before their incorporation dates. The Port au Port Economic Development **Association** is an excellent example to highlight this statement. The Association's incorporation date **is given** as 1979. The Association had previously thought that it was incorporated in 1972. Through some mix-up the papers were not processed and the legal incorporation did not take place until 1979. The Association traces its beginnings back to 1964-75. (There is believed to have been activity earlier than this date, but it has not been confirmed.) Therefore, the record of activity of the association is six years, as judged from its incorporation date, but in fact, should be twenty years beginning in the mid-1960's.

Other organizations have their roots in fishermen's committees and other community-based organizations. Through the years members may branch out to form other organizations to represent a broader population and to deal with development issues beyond the fishery. Other organizations, such as the **Barchois** Development Association, changed to be better able to avail of funding being offered.

#### 403 REASONS FOR FORMATION

The respondents cited several reasons why their organizations were originally formed. A breakdown **of** their responses into the major categories is provided in the table below. Table 4.2 also includes those co-operatives which did not become incorporated because they provide additional insight into the motivating forces which formed these organizations.

TABLE 4.2

REASONS WHY CBO'S WERE FORMED

| <u>REASON</u>  | <u>NUMBER</u> | <u>%</u>  |
|--|---------------|-----------|
| Fisheries Related-Meeting the Needs<br>of Local Fishermen (non-crisis) | 9)            | 32)       |
|  | ) 11          | ) 39      |
| Grew out of Fishermen's Committees                                     | 2)            | 7)        |
| High Unemployment  | 4             | 18        |
| Specific, One-Time Local Crisis*                                       | 6             | 21        |
| Grew out of Organization Other<br>than Fishermen's Committee           | 3             | <b>11</b> |
| <u>Other</u>   | <u>3</u>      | <u>11</u> |
| <u>TOTAL</u>   | <u>27</u>     |           |

\*Crisis is defined here as a specific one-time occurrence having broad negative economic impacts on the community. The distinction is made between this type of crisis and one which is ongoing throughout an extended period of time, such as a crisis in the inshore fishery or an every present unemployment situation.

This table shows that the single most cited reason as to why the CBO's were formed is in response to a need in the local fishery that was not being met. Many of these organizations were formed by and for the local fishermen. Thirty-nine percent of the responses stated that the organization was formed by the fishermen or to assist the fishermen. Of those organizations which formed in response to a local crisis, in three of the six cases involved, the local crisis was the close out of the fish plant. Therefore, including these responses, fifty percent of the responses give local fisheries' needs as the reason why the CBO's were formed.

Community-based organizations as development agencies are often established in marginal communities.<sup>1</sup> The type of development generally implemented by CBO's is small-scale, locally oriented and sensitive to the needs and concerns of local people. It is understandable

then" that marginal communities with few resource options would be supportive of such organizations. In Table 4.2 it was shown that **communities** tend to form **CBO's in response to** on-going problems much more often than in response to a specific **one-time crisis.**<sup>2</sup> **The accumulated** strains of high unemployment and dwindling opportunities are strong forces **in** increasing **awareness and uniting the** Community or region. Increased awareness of a common problem may be the impetus for the formation of community representative organizations.<sup>3</sup>

It is extremely difficult to isolate **all** the factors which are responsible for the formation of **CBO's**. The unique contextual circumstances come together to **motivate the people** to respond **in** a collective fashion. Within the local context there must be sound leadership to initiate the ideas and the "coming together" of the local people. The importance of good local **leaders** in getting the organization from the planning stage to the operational stage was noted time and **time** again throughout the interview process. The difficulties which are experienced when these essential ingredients are not present are many and will be discussed in section 9. There must also be available resources upon which to base the development plans. Further to this there must be a variety of skills which are important to the success of any development venture.<sup>4</sup> All of these ingredients are vitally important to the success of any CBO.

#### 4.4 CONCLUSION

The community-based organizations being dealt with in this study are not groups which work in isolation of other development groups in their area. For the most part the various groups either overlap or work together to bring about change locally. The majority of organizations formed in response to on-going needs in their areas, predominantly fisheries related. The community-based organizations formed out of other organizations or out of non-formalized activity in their communities. Local leadership is a major factor initiating the formalization of development activity.

1. **Wisner** and Pen, "\*Community-Based", p. 71.
2. Op. Cited.
3. Ibid, p. 72.
4. Ibid, p. 73-74.

BACKGROUND ON ORGANIZATION'S  
INVOLVEMENT IN THE FISHERY

5.0 PERIOD OF CBO INVOLVEMENT IN FISH PROCESSING

As was noted in the previous section, the majority of CBO's were formed in response to concerns and needs in the local fishing industry. For many of the CBO's there is no separation between their existence and their involvement in the fishery. Using the year that construction on the facility began as the base year, when applicable, and using the year when formalized participation in the fish processing sector began, when construction is not an appropriate indicator, the average period of involvement in the processing industry by the CBO's being studied is 5.2 years. Once again this is not an extremely useful figure because, for several organizations, the involvement existed long before construction took place.

For example, the Port au Port Economic Development Association spent approximately four years trying to obtain funding and permission to construct an extension to the provincially owned fish plant at Piccadilly. A similar period of time was invested by the Cape Shore Development Association in lobbying to lease the facility at Branch from the provincial Department of Fisheries. For other organizations the involvement began in an advisory or financial assistance role before the organization became directly involved.

A case can be made that CBO activity in the fish processing sector picked up momentum in the expansionary period of the late 1970's, and has continued to the present year. Table 5.1 shows the number of CBO's which started their involvement in the fish processing sector in each year between 1962 and 1985. This data shows that of CBO's active today, only two were started in the 1960's, only three between 1970 and 1977, and then seven more formed before the end of the decade. In the early 1980's the rapid expansion continued with seven more CBO's forming between 1981 and 1983. In 1985, a further seven groups formed, but most of these were concentrated in the "indirect" activity categories. Evidently many CBO's took part in the boom fishing industry of the late 1970's as a way of



bringing employment and income to their communities, and many **CBO's** also saw a role for themselves in the **contractionary** 1980's in order to stabilize local economies and retain the level of employment which had been gained.

TABLE 5.1

NUMBER OF CBO'S BY YEAR IN WHICH CBO  
STARTED ACTIVITY IN FISH PROCESSING SECTOR

|                |   |
|----------------|---|
| 1962 (Approx.) | 1 |
| 1969           | 1 |
| 1971           | 1 |
| 1975           | 1 |
| 1977           | 1 |
| 1978           | 5 |
| 1979           | 2 |
| 1981           | 2 |
| 1982           | 3 |
| 1983           | 2 |
| 1985           | 7 |

5.1 REASONS FOR INVOLVEMENT IN THE FISH PROCESSING SECTOR

There are various reasons why **CBO's** enter into the fish processing industry. It has a great deal to do with the unique circumstances in which the community is located. Table 5.2 highlights this statement.

In this table, just over half of the respondents (51%) indicate that the **CBO's** became involved in the fish processing industry in response to inadequacies in the local industry. Local fishermen were not reaping the potential benefits from the sale of their catch. **This** is true in the

TABLE 5.2

REASONS FOR INVOLVEMENT IN FISH PROCESSING

| <u>Reason</u>                                   | <u>Number</u> | <u>z</u> |
|---|---------------|----------|
| Lack of Local Buyer                             | 3             | 9        |
| Dissatisfaction with Local Buyer                | 6             | 18       |
| Assist Fishermen's Committee                    | 8             | 24       |
| In Response to Shut Down of<br>Local Fish Plant | 4             | 12       |
| To Create/Enhance Local<br>Employment           | 9             | 27       |
| Other   | 3             | 9        |
| <hr/>   |               |          |
| TOTAL   | 33            | 99       |

case of the fishermen of Fortune who were dissatisfied with the local buyers. Private operators at the local plant had historically been **intermittent in their operations. The current operator, F.P.I., operated** from 9 - 5 p.m., which are not **fishermen's** hours. **Consequently fishermen** were having trouble selling their catch. After the attempt to set up a **co-op** in 1985, **F.P.I.** changed its hours to better accommodate the fishermen.

In Riverhead, the fishermen complained of having to dump cod which was not saleable during the **caplin** harvest. The plants could not handle the additional product. To provide a source to purchase their catch the **Riverhead** Fishermen's Committee sought an operator for the plant they owned which had been empty for four **years** following the voluntary liquidation of the previous operation.

It is evident from these examples that the **CBO's** sought to control their futures by controlling a processing facility. From the point of view of these communities the lack of a fish plant, or the existence of an unstable buyer, often means that quantities of fish will go unsold, or the fishing season will end unnecessarily early. **CBO's** have recognized that in order to ensure the maximum return on their fishing activity, they must have at least input into the operating of the facility. This is supported by the nearly one third of the responses which stated that the objective of becoming involved in processing was to create or enhance local employment. When fish is shipped out the employment and **income** created throughout the processing stage benefits another community. This would obviously be unpopular in areas which experience high unemployment. This dilemma is at the root of the public policy problem concerning plant overcapacity in the processing sector.

The communities being studied here are fisheries based. It is understandable that they seek solutions to their employment problems within the fishery. They have recognized that processing often determines the amount of local fish purchased and is itself a great source of employment and income. These communities have sought to control, or minimally, to have input into how this industry is **run.** The local economic environment is apparently the initiator of **CBO** involvement in the fishery. This is understandable in light of the nature of **CBO's** as outlined in the introductory sections.

## 5.2 TYPE OF INVOLVEMENT

The level of involvement in fish processing by **CBO's** varies. There **are several stages of involvement, ranging from owning and operating fish processing facilities all the way down to fulfilling a mediation role between government and private operators.** A breakdown of the involvement is displayed in Table 5.3.

TABLE 5.3

COMMUNITY BASED ORGANIZATION BY TYPE OF INVOLVEMENT IN FISH PROCESSING SECTOR, AND NUMBER OF PROCESSING FACILITIES

| <u>Type of Involvement</u>                              | <u>Number</u>  |               | <u>% of Total</u> |               |
|---|----------------|---------------|-------------------|---------------|
|   | <u>CBO's</u>   | <u>Plants</u> | <u>CBO'S</u>      | <u>Plants</u> |
| Owens and Operates Processing Plant                     | 2              | 3             | 7                 | 8             |
| Owens but Leases to a Private Company                   | 9              | 9             | 32                | 25            |
| Operates but Leases a Provincial Government Owned Plant | 4              | 10            | 14                | 28            |
| Owens a Plant with no <b>Licence</b>                    | 3              | 3             | 11                | 8             |
| Owens and Leases a Buying Station                       | 1              | 2             | 4                 | 6             |
| <br>Sub - Total   | <br>19         | <br>27        | <br>68            | <br>75        |
| Mediation Role  | 3              | 3             | 11                | 8             |
| Takeover Attempt  | 4              | 4             | 14                | 11            |
| Proposed Establishment                                  | 2              | 2             | 7                 | 6             |
| <br><b>TOTAL</b>  | <br><b>28*</b> | <br>36        | <br>100           | <br>100       |

\***Fogois** represented twice in this table because it both owns and operates processing plants and operates government leased facilities.

In this table those **CBO's** which actually own **and/or** operate **processing** facilities have **been** grouped together to distinguish them from those **CBO'S** with less **direct participation**. It is shown in this table that of the case studies identified, approximately two-thirds of the total representation of **CBO's** own or **operate** fish plants.

Table 5.4 displays this information for each CBO. For example, the Fogo Island Co-operative is involved with five plants; two which they "own and operate\*\* and three which they "operate but lease from the provincial **government**".<sup>1</sup> These two categories represent the greatest extent of involvement that a **CBO** can have with a processing facility. The other groups that fall into these categories are the Labrador Fishermen's Union Shrimp Company, the **Torngat** Fish Producer's Co-operative, and the Petty Harbour Fishermen's Co-operative. A total of 13 plants fall into these two categories.

The next category of direct involvement concerns **CBO's** that own fish plants but lease them to private operators. In these cases the **CBO's** have determined that they wish to create fish processing jobs in their communities or regions, but they would prefer to lease the buildings to existing processors because the **CBO's** may not have the expertise or the capital to operate these businesses. Funds to construct these plants often come from government job creation programmes such as Canada Works, and **CBO's** sometimes offer attractive leasing rates for an initial period to induce the private processor to locate in their communities. There are nine plants in this category.

Three **CBO's** have been involved in constructing or upgrading buildings to be used for fish processing, but have been unsuccessful so far in starting up operations themselves or attracting a private processor. Another CBO, the Bay St. George Development Association, has acquired two buildings but has only leased them as buying stations, and not as processing plants.

Beyond these direct types of involvement in the fish processing sector, there are a number of **CBO's** that have been very active in attempting to influence processing activity but have either: (1) shunned a direct operating or owning role, (2) been unsuccessful in accomplishing their objectives, or (3) are still in the formation stages. The first category is characterized as a mediation role where the CBO actively sponsors or

TABLE 5.4

NUMBER OF CBO-RELATED PLANTS, BY TYPE OF CBO INVOLVEMENT IN

FISH PROCESSING SECTOR, 1985

| CBO  | Owns and Operates a Processing Plant | Owns but Leases a private Company | Operates but Leases a Prov. Govt. Owned Plant | Owns a Plant with no Licence | Owns and Leases a Buying Station | Sub-Total | Mediation Role | Takeover Attempt | Proposed Estab. | Total     |
|--|--------------------------------------|-----------------------------------|---|------------------------------|----------------------------------|-----------|----------------|------------------|-----------------|-----------|
| (1) Barachois D.A.                           |                                      | 1                                 |   |                              |                                  | 1         |                |                  |                 | 1         |
| (2) Bay St. George South D.A.                |                                      |                                   |   |                              | 2                                | 2         |                |                  |                 | 2         |
| (3) Bonne Bay D.A.                           |                                      |                                   |   | 1                            |                                  | 1         |                |                  |                 | 1         |
| (4) Branch Fishermen's Committee             |                                      |                                   | 1**   |                              |                                  | 1         |                |                  |                 | 1         |
| (5) Codroy Valley D.A.                       |                                      | 1                                 |   |                              |                                  | 1         |                |                  |                 | 1         |
| (6) Eastport Peninsula D.A.                  |                                      | 1**                               |   |                              |                                  | 1         |                |                  |                 | 1         |
| (7) Fermeuae Fisheries Ltd.                  |                                      |                                   |   |                              |                                  | 0         |                | 1                |                 | 1         |
| (8) Fishermen's Union Shrimp Co.             |                                      |                                   | 3   |                              |                                  | 3         |                |                  |                 | 3         |
| (9) Fogo Co-operative                        | 2                                    |                                   | 3   |                              |                                  | 5         |                |                  |                 | 5         |
| (10) Fortune Bay Co-op                       |                                      |                                   |   |                              |                                  | 0         |                | 1                |                 | 1         |
| (11) Fortune Bay-North Shore D.A.            |                                      |                                   |   |                              |                                  | 0         |                | 1                |                 | 1         |
| (12) Gambo-Indian Bay D.A.                   |                                      | 1                                 |   |                              |                                  | 1         |                |                  |                 | 1         |
| (13) Lower Trinity South D.A.                |                                      |                                   |   |                              |                                  | 0         |                |                  | 1               | 1         |
| (14) North Shore-Bay of Islands D.A.         |                                      | 1                                 |   |                              |                                  | 1         |                |                  |                 | 1         |
| (15) Petite Forte Co-op                      |                                      |                                   |   |                              |                                  | 0         |                |                  | 1               | 1         |
| (16) Petty Harbour Co-op                     | 1                                    |                                   |   |                              |                                  | 1         |                |                  |                 | 1         |
| (17) Placentia Area D.A.                     |                                      | 1                                 |   |                              |                                  | 1         |                |                  |                 | 1         |
| (18) Placentia West D.A.                     |                                      |                                   |   |                              |                                  | 0         | 1              |                  |                 | 1         |
| (19) pOrt au Port D.A.                       |                                      |                                   |   |                              |                                  | 0         | 1              |                  |                 | 1         |
| (20) Red Bay Co-op                           |                                      |                                   |   | 1                            |                                  | 1         |                |                  |                 | 1         |
| (21) Red Harbour Fishermenta Comm.           |                                      |                                   |   | 1                            |                                  | 1         |                |                  |                 | 1         |
| (22) Riverhead Fishermenis Committee         |                                      | 1                                 |   |                              |                                  | 1         |                |                  |                 | 1         |
| (23) St. Lawrence Action Committee           |                                      |                                   |   |                              |                                  | 0         | 1              |                  |                 | 1         |
| (24) Torngat Co-op                           |                                      |                                   | 3   |                              |                                  | 3         |                |                  |                 | 3         |
| (25) Twillingate-New World Island-Change Is. |                                      | 1*                                |   |                              |                                  | 1         |                |                  |                 | 1         |
| (26) Upper Trinity South Co-op               |                                      |                                   |   |                              |                                  | 0         |                | 1                |                 | 1         |
| (27) Wild Cove Fisherments Committee         |                                      | 1                                 |   |                              |                                  | 1         |                |                  |                 | 1         |
| <b>Total</b>                                 | <b>3</b>                             | <b>9</b>                          | <b>10</b>                                     | <b>3</b>                     | <b>2</b>                         | <b>77</b> | <b>3</b>       | <b>4</b>         | <b>2</b>        | <b>36</b> |

● Twillingate D.A. Owned and leased a second plant in Herring Neck, but was sold to the operator in 198

● \*The Branch Fishermen's Committee have Very recently acquired the lease on the provincially owned plant, but it is not decided yet, whether they will operate the plant or sub-lease it to a private operator.

● \*\*The Eastport D.A. owns a small building which forms part of a larger private processing operation in Happy Adventure.

solicits new processors into the local area, and possibly undertakes a job creation project to expand or upgrade an existing private or **govern-**ment plant. This study has identified three **CBO's** in this category. The second group, who have been unsuccessful, are four **CBO's** that organized to take over specific plants but failed due to various factors such as lack of capital and expertise, or government policy constraints. The third category is **labelled** \*"**Proposed Establishments**" and consists of a development association which is currently investigating the feasibility of a secondary processing operation, and a co-operative that has experienced problems with federal and provincial policies which limit expansion in the fish processing sector.

These three categories of less direct involvement are the categories where most data omissions are likely to occur. It is much harder to identify non-operating **CBO's** than to identify groups which are very active. Therefore, these **CBO's** should be regarded as examples of their categories, rather than complete listings.

Altogether there are 27 **CBO's** deemed to be active in the fish processing sector in late 1985. These **CBO's** had an ownership or operating position in 27 plants, and a less direct role in nine others.

The number of other community groups that may have owned or operated a plant prior to 1985, but exited from the industry before this study began, was not a subject investigated for this study. At least two such examples came to the fore during the research phase (**Twillingate/New World Island/Change Island Development Association - Herring Neck; East-port Peninsula Committee for the Development of Progress - Salvage**), but no attempt was made to identify others. In addition, it is believed there are many other community groups who have taken temporary, organized action to influence a fish processor or government, but then dissolved when the issue had subsided. Although interesting in their own right, this study has not documented their existence.

5.3 CONCLUSION

CBO involvement is a direct response to the local circumstances in which the CBO is situated. As can be seen from the previous section, the major factors determining involvement arise from needs and concerns in the local **fishing industry**. The CBO's recognize that the key to controlling their **own futures is in controlling the processing sector**.

The community-based sector is clearly more than a few isolated instances or community protest. It is a growing industry component of twenty-seven organizations, eighteen of which own or operate fish plants, and three of which are multi-plant organizations.



SECTION 5

FOOTNOTES

1. The provincial government has recently sold two of these plants to the co-operative at a nominal price.

FISH PROCESSING  
OPERATIONS

## 6.0 INTRODUCTION

One of the goals of this study is to demonstrate that **community-** based organizations form an identifiable sector within the **largr** fish processing industry. This section will attempt to outline the size and nature of CBO involvement in the industry, and to point out its significance in relation to the province's fishery as a whole. This exercise will include a review of the number of fishermen, vessels, processing jobs and the quantity of fish landed and processed in CBO communities. As well, the question of whether or not **CBO's** arise in reaction to community crises will be assessed using fish landings and community incomes **statistics**.

### 6.1 FISHING RELATED EMPLOYMENT

The following information relating to employment is based on the number of fishermen in CBO communities and the number of processing jobs in **CBO-related** plants. CBO communities are defined as those communities containing the 36 plants which are the subject of activity by the **CBO's** listed in Table 5.4. The shortcoming of this definition is that some communities which are connected with **CBO's** are excluded from the analysis, for example, on Fogo Island where only five communities have plants out of ten communities which, are active in the co-operative. However, this shortcoming is necessary to ensure consistency because it would be impossible to define, in all **CBO's**, which fishermen from other communities sold fish to the CBO plant. The definition used is, therefore, a consistent measure of the area in which **CBO's are active**. It is necessary to note, however, that **in** only 13 communities do the **CBO's** actually operate plants **and an** additional nine were owned by **CBO's** and operated by private **businesses**. Therefore, not all activity in all **communities** can be **directly** attributed to the CBO.

According to Table 6.1, in 1984 there were 1,368 full-time fishermen and 1,283 part-time fishermen in CBO communities. Respectively, the full-time fishermen comprised 10.2 percent and 9.1 percent of all fishermen in the province. Although the difference is small, it **is** interesting that CBO communities have a greater proportion of full-time fishermen than in the province as a whole. The existence of more full-time fishermen may be an indication that local fisheries are more important to the total incomes of **CBO** communities than other communities, and may help explain why these communities have acted to exert control over their primary market.

TABLE 6.1

NUMBER OF FISHERMEN IN CBO COMMUNITIES  
AND PROVINCE, 1984

| FISHERMEN      | CBO COMMUNITIES |              | NEWFOUNDLAND AND LABRADOR |              | <u>% CBO'S OF NEWFOUNDLAND</u> |
|----------------|-----------------|--------------|---------------------------|--------------|--------------------------------|
|                | <u>NO.</u>      | <u>%</u>     | <u>NO.</u>                | <u>%</u>     |                                |
| Full-time      | 1,368           | 51.6         | 13,456                    | 48.7         | 10.2                           |
| Part-time      | <u>1,283</u>    | <u>48.4</u>  | <u>14,161</u>             | <u>51.3</u>  | <u>9.1</u>                     |
|                | <u>2,651</u>    | <u>100.0</u> | <u>27,617</u>             | <u>100.0</u> | <u>9.6</u>                     |
| <u>VESSELS</u> |                 |              |                           |              |                                |
| 35 '           | 1,451           | 89.2         | 14,763                    | 90.0         | 9.8                            |
| 35-64 '        | 170             | 10.4         | 1,364                     | 8.4          | 12.5                           |
| 100 '+         | <u>5*</u>       | <u>0.3</u>   | <u>90</u>                 | <u>0.6</u>   | <u>4.4</u>                     |
|                | <u>1,627</u>    | <u>100.0</u> | <u>16,235</u>             | <u>100.0</u> | <u>10.0</u>                    |

\*These vessels are offshore trawlers located in a **CBO-related** community, but are not the focus of CBO efforts.

Source: Department of Fisheries and Oceans.

An examination of statistics on the size distribution of fishing vessels in CBO communities supports this assertion. CBO communities contain 9.8 percent of all vessels under 35 feet in length, and 12.5 percent of vessels between 35 and 64 feet. The higher proportion of boats of greater length indicates a somewhat heavier capital investment and commitment in the fishing industry than other communities in general.

Table 6.2 shows that the number of jobs in 19 CBO-related plants operating in 1984 was 1,493 (CBO-related plants are defined as plants owned and/or operated by CBO's, in columns one to three in Table 5.4). This number is self-reported by processors on their applications for processing licenses, but it is not indicated whether the figure refers to average employment, total number employed in a season, or peak employment. Therefore, depending on which definition is used, CBO's account for five to ten percent of processing jobs in the province. All of these jobs are seasonal and help support a year-round income cycle which includes unemployment insurance benefits. In 1982 and 1983 the number of processing jobs was almost identical to 1984, displaying a notable stability in the CBO sector.

TABLE 6.2

NUMBER OF JOBS IN CBO-RELATED PLANTS, 1982-84

|                  | <u>1982</u> | <u>1983</u> | <u>1984</u> |
|------------------|-------------|-------------|-------------|
| Number of Jobs   | 1,492       | 1,471       | 1,493       |
| Number of Plants | 19          | 17          | 19          |

SOURCE : Department of Fisheries, Processors License File.

6".2 FISH LANDINGS

The quantity of fish landed in CBO communities will be described in two ways: through the community landings data which includes all **CBO's** no matter what their level of involvement, and through the Processors License Files which includes only **CBO's** with operating or owning roles. The former is reported in Table 6.3 which shows that in 1982, 30,657 metric tons of fish was landed in **CBO** communities, which represents 6.1 percent of all fish landed in the province. This is clearly a substantial amount, and emphasizes that the community based sector is an **important** segment of the fishery. It is interesting to note that this **proportion** of fish is noticeably below the proportion of fishermen in these same communities (6.1% compared to 9.6%) and this is not accounted for by the difference in base years (1982 and 1984). The gap is probably due to the inshore nature of CBO community fisheries which are more **labour** intensive than the offshore sector which reaps about 30 percent of provincial **landings**.

TABLE 6.3

TOTAL FISH LANDINGS IN CBO COMMUNITIES\*  
AND PROVINCE, 1982

|                   | <u>Quantity</u><br><u>(Metric Tons)</u> |
|-------------------|---|
| CBO Communities** | 30,657                                  |
| Province          | 505,743                                 |
| %                 | 6.1%                                    |

**\*CBO communities** for this **table** are communities in which **CBO-related** plants are located, or if no plant, where the focus of CBO activity occurs.

**\*\*Three communities** were excluded because they contained trawler landings which were not related to **CBO's**, and would skew the figures upward.

SOURCE : Department of Fisheries and Oceans

The 6.1 percent level is a reasonable indicator of the amount of fish landed in communities where organized action to participate in the fish processing industry has occurred. However, it is a less than perfect measure of the quantity of fish processed in plants in which **CBO's** have direct involvement through owning or operating the plant. These data were gathered from the processor license files for the years 1982 to 1984. Of course this measure includes fish processed in plants that were leased by private processors, but it was deemed reasonable for these to be included because **CBO's** had exercised major decisions such as the location of the plant and the selection of the processor.

Tables 6.4 and 6.5 show that the landed weight of fish in the nineteen **CBO-related** plants was just over 35 million pounds. This amount is equal to 15,726 metric tons, or slightly more than half the community landings figures. In terms of provincial landings, the landed **weight in CBO-related** plants accounts for 3.1 percent of the province, but this proportion is probably underestimated slightly because provincial landings are calculated in round weight, whereas plant figures are landed weight which means that a certain proportion is purchased head on-gutted.

In 1983 the total landed weight in CBO-related plants declined to 31 million pounds, following the general province-wide decline, but **maintained its 3.1 percent share**. In 1984, the growth in the CBO sector out-paced the province as a whole, increasing its share to 4.9 percent of provincial landings. This is a substantial increase and reveals considerable **vitality in the CBO sector**.

Tables 6.4 and 6.5 also display the landed weight of fish by species. The most interesting observations in this context are that similar to most other processors, the **CBO's** rely on **groundfish, particularly** cod, for about four-fifths of their operations. This **proportion** declined slightly between 1982 and 1984. **CBO's** also purchased a significant amount of **caplin**, about ten percent of all landed weight at

CBO plants, which is equivalent to about five percent of the province's **caplin** landings. **CBO's** have witnessed the increasing importance of crab and herring in their operations, and they are significant players in the salmon industry with about 25 percent of provincial landings. Table 6.6 provides output production statistics for the same plants, and they reflect the same general trends.



TABLE 6.4

LANDED WEIGHT OF FISH, BY SPECIES, (1)  
IN CBO-RELATED PLANTS, 1982-84

| SPECIES                                       | 1982              |             | 1983              |             | 1984              |             |
|---|-------------------|-------------|-------------------|-------------|-------------------|-------------|
|   | LBS .             | %           | LBS .             | %           | LBS .             | %           |
| Cod   | 25,582,677        | 72.6        | 21,320,125        | 68.0        | 29,741,844        | 69.2        |
| Other   |                   |             |                   |             |                   |             |
| <b>Groundfish</b>                             | <u>4,542,411</u>  | 12.9        | <u>3,138,981</u>  | 10.0        | <u>4,166,657</u>  | 9.7         |
| Groundfish                                    | 30,125,088        | 85.5        | 24,459,106        | 78.0        | 33,908,501        | 78.9        |
| <b>Caplin</b>                                 | 3,314,271         | 9.4         | 3,052,284         | 9.7         | 4,501,568         | 10.5        |
| Herring                                       | 198,085           | 0.6         | 350,000           | 1.1         | 1,210,297         | 2.8         |
| Salmon  | 218,684           | 0.6         | 230,628           | 0.7         | 399,678           | 0.9         |
| Other   |                   |             |                   |             |                   |             |
| <b>Pelagics</b>                               | <u>89,420</u>     | 0.3         | <u>1,768,455</u>  | 5.6         | <u>1,544,311</u>  | 3.6         |
|   | 3,820-,460        | 10.8        | 5,401,367         | 17.2        | 7,655,854         | 17.8        |
| Lobster                                       | 2,425             | 0.0         | 14,210            | 0.0         | 114,852           | 0.3         |
| Crab  | 0                 | 0.0         | 1,450,813         | 4.6         | 1,173,715         | 2.7         |
| Other Mon.<br>& Crus.                         | <u>1,273,573</u>  | 3.6         | <u>920</u>        | 0.0         | <u>85,000</u>     | 0.2         |
| <b>Molluses &amp;<br/>Crustac.</b>            | 1,275,998         | 3.6         | 1,465,853         | 4.7         | 1,373,567         | 0.0         |
| Other   | 3,885             | 0.0         | 11,683            | 0.0         | 13,116            | 0.0         |
| <b>TOTAL</b>                                  | <b>35,225,431</b> | <b>99.9</b> | <b>31,338,009</b> | <b>99.9</b> | <b>42,951,038</b> | <b>99.9</b> |
| Number of CBO-<br>Related Plants<br>Operating | 19                |             | 17                |             | 19                |             |

(1) Plant statistics are included for CBO-Related plants of the following classifications:  
(a) owns and operates;  
(b) owns but leases to a private company; and  
(c) operates a leased provincially owned plant.

SOURCE : Department of Fisheries, Processor Licence Files (except Jersey side, 1982 and Torn gat plants, 1982-84 which were estimated)

TABLE 6.5

LANDED WEIGHT OF FISH,  
IN CBO-RELATED PLANTS, AS A PERCENTAGE  
OF TOTAL LANDINGS FOR **NEWFOUNDLAND AND LABRADOR**,  
1982-84

| <u>SPECIES</u>                   | <u>1982</u><br><u>%</u> | <u>1983</u><br><u>%</u> | <u>1984</u><br><u>%</u> |
|----------------------------------|-------------------------|-------------------------|-------------------------|
| Cod                              | 3.8                     | 3.2                     | 5.6                     |
| Other Groundfish                 | 1.6                     | 1.5                     | 2.0                     |
| Groundfish                       | 3.2                     | 2.8                     | 4.6                     |
| <b>Caplin</b>                    | 4.7                     | 4.6                     | 4.9                     |
| Herring                          | 0.7                     | 1.7                     | 8.0                     |
| Salmon                           | 7.4                     | 10.0                    | 24.7                    |
| Other Pelagic & <b>Estaurial</b> | 3.2                     | 9.2                     | 12.7                    |
| Pelagic and <b>Estaurial</b>     | 3.7                     | 4.9                     | 17.8                    |
| Lobster                          | 0.1                     | 0.3                     | 2.4                     |
| Crab                             | 0.0                     | 5.8                     | 5.1                     |
| Other Mol. & <b>Crustac.</b>     | 3.6                     | 000                     | 1.1                     |
| Other                            | 0.1                     | 0.4                     | 0.0                     |
| <b>TOTAL</b>                     | <b>301</b>              | <b>3.1</b>              | <b>4.9</b>              |

Derived from: Department of Fisheries, Processor **Licence** Files;  
Government of Newfoundland and Labrador, Historic-al  
Statistics, 1985; and Department of Fisheries and  
Oceans.

TABLE 6.6

PLANT PRODUCTION BY SPECIES IN **CBO-RELATED** PLANTS, (1)  
1982-1984

| SPECIES                        | 1982              |             | 1983              |              | 1984              |             |
|--------------------------------|-------------------|-------------|-------------------|--------------|-------------------|-------------|
|                                | LBS .             | %           | LBS .             | %            | LBS .             | %           |
| Cod (Salted)                   | 5,273,316         | 31.6        | 4,104,158         | 28.9         | 6,439,469         | 30.1        |
| Cod (Fresh & Frozen)           | 5,730,002         | 34.4        | 4,738,813         | 33.0         | 7,520,829         | 35.9        |
| Other Groundfish               | <u>2,780,202</u>  | 16.6        | <u>1,296,683</u>  | 9.1          | <u>1,473,445</u>  | 7.0         |
| Groundfish                     | 13,783,520        | 82.6        | 10,139,654        | 71.4         | 15,443,743        | 73.6        |
| <b>Caplin</b>                  | 1,732,323         | 10.4        | 1,349,934         | 9.5          | 2,371,859         | 11.3        |
| Herring                        | 186,785           | 1.1         | 350,000           | 2.5          | 664,527           | 3.2         |
| Salmon                         | 214,699           | 1.3         | 200,787           | 1.8          | 372,744           | 1.8         |
| Other Pelagics                 | <u>87,735</u>     | 0.5         | <u>1,742,576</u>  | 12.3         | <u>1,583,856</u>  | 7.6         |
| <b>Pelagics</b>                | 2,221,532         | 13.3        | 3,643,297         | 25.7         | 4,992,986         | 23.8        |
| Lobster                        | 2,425             | 0.0         | 13,625            | 0.1          | 112,454           | 0.5         |
| Crab                           | 0                 | 0.0         | 359,537           | 2.5          | 334,950           | 1.6         |
| Other Mon. & Crus.             | <u>669,399</u>    | 4.0         | <u>26,579</u>     | 0.2          | <u>79,468</u>     | 0.4         |
| <b>Molluses &amp; Crustac.</b> | 671,824           | 4.0         | 399,741           | 2.8          | 526,872           | 2.5         |
| Other                          | 0                 | 0.0         | 10,000            | 0.1          | 5,168             | 0.0         |
| <b>TOTAL</b>                   | <u>16,676,886</u> | <u>99.9</u> | <u>14,192,697</u> | <u>100.0</u> | <u>20,958,769</u> | <u>99.9</u> |

(1) See notes for Table 6.4

### 6.3 COMMUNITY CRISES

The description of **CBO's** in fish processing thus far portrays a small but growing sector of the province's fishing industry which provides a considerable number of processing jobs, and is located in communities of serious and committed fishermen. To delve further into the nature of **CBO's**, it is worthwhile to examine the circumstances surrounding their formation. The analysis presented in Section 4 regarding the reasons why **CBO's** were started will be supplemented here by a statistical assessment of the conventional wisdom that **CBO's** arise in response to a local crisis in the fishery or the community.

It is often expressed that community groups will take collective economic action when disasters **befall** their communities. Some examples are the Fogo Co-operative in response to resettlement, the Northern Area Regional Development Association in response to trawler overfishing, and more recently the St. Lawrence Action Committee in response to a plant closure. In light of this commonly accepted explanation, data on fish landings and total community incomes were collected for CBO communities for the five years prior to the year in which CBO action in the processing sector started. These statistics would be expected to show a declining trend over the five-year period, or maybe a sudden drop, that would induce community groups to organize for action. Both fish landings\* and income statistics were collected because if a fish plant closure was the cause of a crisis, evidence of a decline may not show up in fish landings due to a **fishermen's** ability to **sell** to alternate processors. In such cases, evidence of a crisis would be captured in the income statistics which would reflect **lower** incomes of plant workers and workers in the tertiary **sector**.

Table 6.7 displays the aggregated quantity of fish landings in CBO communities for the five years prior to each **CBO's** initial activity in fish processing. For clarification purposes, in the case of a CBO which

started in 1983, and another that started in 1975, the years 1982 and 1974 respectively would be added together because they both represent "year minus one" for each CBO. This configuration of data shows that for the most part, CBO communities experienced substantial increases in fish landings over the five-year period. The decline of 10.5 percent in "year minus one" is the only example of a reverse in fortunes, but this cannot be considered a crisis due to the healthy increases in preceding years, and because a number of the CBO communities began in the early 1980's when a decline in fish landings was the norm in the province.

TABLE 6.7

FISH LANDINGS IN CBO-RELATED COMMUNITIES FOR FIVE YEARS PRIOR TO CBO'S INITIAL ACTIVITY IN FISH PROCESSING SECTOR

| <u>YEAR</u> | <u>QUANTITY (LBS.)</u> | <u>ANNUAL<br/>% CHANGE</u> | <u>5 YEAR<br/>% CHANGE</u> |
|-------------|------------------------|----------------------------|----------------------------|
| Year-1      | 21,595,303             | -10.5                      | 73.8                       |
| Year-2      | 24,139,714             | 22.3                       |                            |
| Year-3      | 18,816,070             | 28.0                       |                            |
| Year-4      | 14,705,680             | 18.3                       |                            |
| Year-5      | 12,428,284             |                            |                            |

\* Due to data limitations only the following communities were included in this table: Whales Gulch (1977), Wild Cove (1978), St. George's (1978), Codroy (1978), Dover (1978), Mary's Harbour (1979), L'anse au Loup (1979), Cartwright (1979), **Rigolet/Hopedale/Postville/Davis Inlet/Makkovik/Nain** (1979), Woody Point (1981), Branch (1981), **Cox's** Cove (1982), Red Bay (1982), Norman's Cove (1982), Petite Forte (1983), Petty Harbour (1983).

SOURCE : Department of Fisheries and Oceans, Community Landings Statistics.

Furthermore, the five-year increase in fish landings in CBO communities was 73.8 percent, which is about the average of five year growth rates for Newfoundland between 1971 and 1980<sup>1</sup>. Therefore, based on fish landings data, the crisis explanation for CBO formations cannot be upheld.

The same conclusion is reached in regard to income statistics in Table 6.8. Over the five years prior to **CBO's** starting up, total incomes in CBO communities rose substantially, showing annual increases between 9.8 percent and 21.2 percent. The "year minus one" growth rate was in excess of the "year minus two" rate. Over the five-year period, incomes rose by 71.6 percent, again about the average of five-year growth rates in Newfoundland between 1971 and 1980<sup>2</sup>. These data show that no crises were evident in CBO communities before **CBO** formation, at least in **terms** of fish landings and total incomes. Therefore, the conventional wisdom that **CBO's** are purely a reaction to short-term disasters in the fishery does not appear to be a useful explanation for CBO motivations. This finding supports the earlier analysis which concluded that involvement in fish processing occurs in response to a general dissatisfaction with processing conditions in the community, as well as the general level of unemployment. Only in a few cases can involvement be directly connected to a community crisis.

TABLE 6.8

TOTAL INCOME IN CBO-RELATED COMMUNITIES FOR FIVE YEARS  
PRIOR TO CBO'S INITIAL ACTIVITY IN FISH PROCESSING SECTOR

| <u>YEAR</u>   | <u>(\$000)</u> | <u>ANNUAL<br/>% CHANGE</u> | <u>5 YEAR<br/>% CHANGE</u> |
|---------------|----------------|----------------------------|----------------------------|
| Year- 1       | 20,395         | 12.4                       | 71.6                       |
| Year-2        | 18,152         | 9.8                        |                            |
| Year-3        | 16,533         | 14.8                       |                            |
| <b>Year-4</b> | 14,406         | 21.2                       |                            |
| Year-5        | 11,885         |                            |                            |

\* Due to data limitations this table includes only St. George's (1978), Dover (1978), **Cox's** Cove (1982), Cartwright (1979), Woody Point (1979), Branch (1981), and Norman's Cove (1981).

S O U R C E Newfoundland Statistics Agency, Taxable . . . .

6.3 SUMMARY

The community-based fish processing sector contains about ten percent of the province's fishermen. The sector accounted for almost five percent of the province's fish production in 1984, which was a significantly higher share than in the previous two years. **CBO's** rely primarily on codfish for their input, but also process substantial quantities of **caplin**, herring and crab, and they handle a large share of provincial salmon landings. **CBO's** are a stable and integral part of the fishing industry, they have formed in a growth environment rather than a crisis environment, and statistically they show no sign of decline or demise.

SECTION 6

FOOTNOTES

1. The five-year growth rate in Newfoundland fish landings ending in the year 1975 was - 39.4%; 1976 - 19.5%; 1977 - 21.0%; 1978 - 85.9%; 1979 - 122.8%; 1980 - 47.0%.
2. Five year growth rates for total incomes in Newfoundland ending in the year 1975 was 138.6%; 1976 - 118.1%; 1977 - 95.4%; 1978 - 63.6%; 1978 - 63.6%; 1979 - 53.8%; and 1980 - **47.9%**.



COMMUNITY PROFILES

## 7.0 INTRODUCTION

In preparation for this section of the analysis, statistical profiles were prepared for each of the communities relevant to the study (heretoforth referred to as the study communities). Each profile includes the following data: population in 1976 and 1981; change in population **by** number and percentage; 1981 sex and age composition; migration between 1976 and **1981**; employment by age and sex; employment by industry; number of unemployment insurance recipients and social assistance cases; and educational attainment. The figures for the individual communities were compiled into one representative profile. Another profile, including the same indicators, was prepared for a set of communities (sample communities) randomly chosen from the census **list**.<sup>1</sup> The two profiles are compared to determine whether or not there are specific characteristics of the study communities which indicate why they formed community-based organizations which entered into the fish processing industry. Conversely; the comparison could reveal unique characteristics which result from the involvement in the processing industry. These avenues of comparison are followed through this section as the indicators are reviewed and discussed.

There are a number of unavoidable inadequacies in the data collected. Unincorporated communities are difficult to isolate from other communities by the census takers.<sup>2</sup> This results in gaps in information, especially where comparisons are made between years. The boundaries of communities may change, thus varying the population counts. Consequently, comparisons between census years may not be an accurate portrayal of the situation. The information in the following tables must then be viewed in light of these inherent inadequacies.

### 7.1 POPULATION

The following tables present an overview of the population structures for both the study and sample communities:

TABLE 7.1

POPULATION 1976 AND 1981 - STUDY AND SAMPLE COMMUNITIES

| <u>COMMUNITIES</u> | <u>POPULATION<br/>1976</u> | <u>POPULATION<br/>1981</u> | <u>CHANGE IN<br/>POPULATION</u> | <u>% OF<br/>POPULATION<br/>IN CHANGE</u> |
|--------------------|----------------------------|----------------------------|---------------------------------|--|
| STUDY              | 22,668                     | 22,406                     | -262                            | -1.2                                     |
| SAMPLE             | 21,196                     | 20,498                     | -693                            | -3.3                                     |

SOURCE : Statistics Canada

TABLE 7.2

POPULATION - 1981  
BREAKDOWN BY AGE AND SEX  
STUDY AND SAMPLE COMMUNITIES

| <u>AGE</u>              | <u>STUDY COMMUNITIES</u> |          | <u>SAMPLE COMMUNITIES</u> |          |
|-------------------------|--------------------------|----------|---------------------------|----------|
|                         | <u>NO.</u>               | <u>%</u> | <u>NO.</u>                | <u>%</u> |
| Males: Total            | 12,396                   | 100      | 10,720                    | 100      |
| 0- 4 yrs.               | 1,254                    | 10       | 960                       | 9        |
| 5- 9 yrs.               | 1,346                    | 11       | 1,150                     | 11       |
| 10-14 yrs.              | 1,471                    | 12       | 1,185                     | 11       |
| 15-19 yrs.              | 1,398                    | 11       | 1,100                     | 10       |
| 20-24 yrs.              | 1,126                    | 9        | 890                       | 8        |
| 25-34 yrs.              | 1,915                    | 15       | 1,775                     | 17       |
| 35-44 yrs.              | 1,203                    | 10       | 1,180                     | 11       |
| 45-54 yrs.              | 994                      | 8        | 890                       | 8        |
| 55-64 yrs.              | 936                      | 8        | 775                       | 7        |
| 65-69 yrs.              | 595                      | 3        | 305                       | 3        |
| 70 & over               | 595                      | 5        | 500                       | 5        |
| Females: Total          | 11,585                   | 100      | 10,470                    | 100      |
| 0- 4 yrs.               | 1,042                    | 9        | 910                       | 9        |
| 5- 9 yrs.               | 1,191                    | 10       | 1,125                     | 11       |
| 10-14 yrs.              | 1,435                    | 12       | 1,200                     | 11       |
| 15-19 yrs.              | 1,397                    | 12       | 1,015                     | 10       |
| 20-24 yrs.              | 1,000                    | 9        | 855                       | 8        |
| 25-34 yrs.              | 1,729                    | 15       | 1,810                     | 17       |
| 35-44 yrs.              | 1,097                    | 9        | 1,105                     | 11       |
| 45-54 yrs.              | 843                      | 7        | 810                       | 8        |
| 55-64 yrs.              | 855                      | 7        | 765                       | 7        |
| 65-69 yrs.              | 312                      | 3        | 320                       | 3        |
| 70 & over               | 597                      | 5        | 555                       | 5        |
| <b>TOTAL BOTH SEXES</b> | <b>23,981</b>            |          | <b>21,190</b>             |          |

"Table 7.1 shows the total population count for both the study and sample communities. Table 7.2 presents the breakdown of these populations by sex and age. The totals for the two tables do not match because of the necessity of rounding figures off to the nearest division of five and possible errors in recording figures at source.

Using the totals in Table 7.2 as the base because it is from these totals that the age categories are broken out, it is shown that in the study communities fifty-two percent of the population are male. The division in the study communities is similar with fifty-one percent of the total population being male. The breakdown of population by age groups is also very similar in both the study and sample communities. The **slight** variations in percentages do not indicate any particular representation of one age category within either group of communities. From these tables it is evident that there are no significant differences in the population structures in terms of age and sex between the study and sample communities. The population figures do not then indicate why the study communities have **CBO's** involved in the fishing **industry** and nor do they show any particular ramifications of the **CBO** activity.

The changes in size of population between 1976 and 1981 (See Table 7.1) show that for the study communities the population has dropped by . 1.2% and for the sample communities by 3.3%. These percentages represent very small portions of the total population. The difference in experience for the two community groups **is**, therefore, not as great as it would first appear.

Within the study communities the most significant drops in population for specific communities are in Jersey'side and St. George's. The drops in population in these communities are **offset** by significant gains in South **Dildo** and **Fermeuse**. It would not be enlightening to look into these specific incidents of population change any further because there are questions concerning the population counts and boundaries of several of the communities encompassed into the table.

## 7.2 MIGRATION

Changes in population can be partially explained by migration. Table 7.3 shows that for both the study and sample communities **out-**migration has exceeded in-migration. This is understandable in light of the limited employment options in rural Newfoundland. There is a significant difference in the net internal migration for the study and sample communities. The study communities have lost about double the proportion of people as the sample communities have, however, the high figure of five hundred and thirty for the study communities is largely explained by the extremely high out-migration from St. Lawrence, resulting in a net loss of 260 people. The high number of migrants from St. Lawrence is probably due to the closure of the local fish plant in 1978. Being the major single source of employment in St. Lawrence, the plant's closure was a major blow to the local **labour** force and their families. In general, excluding the exceptional circumstances of St. Lawrence from the study communities category, the loss of population through migration for both sets of communities is quite similar; **witht** he study communities losing 270 people through migration and the sample communities losing 235 people.

TABLE 7.3

MIGRATION - 1976 TO 1981  
STUDY AND SAMPLE COMMUNITIES

|                         | <u>STUDY COMMUNITIES</u> |                          | <u>SAMPLE COMMUNITIES</u> |
|-------------------------|--------------------------|--------------------------|---------------------------|
|                         | TOTAL                    | LESS SIX*<br>COMMUNITIES |                           |
| Population 5+           | 21,498                   | 17,929                   | 19,265                    |
| Non-Migrant Movers      | 13,258                   | 12,441                   | 13,945                    |
| Migrant Movers          | 4,287                    | 3,834                    | 5,295                     |
| Total In-Migration      | 1,908                    | 1,878                    | 2,555                     |
| From Different Province | 437                      | 315                      | 435                       |
| Net Internal Migration  | -500                     | -530                     | -235                      |

\* For the following six communities the figures for total in-migration are not available: Petite Forte, Whale's Gulch, Wild Cove, South **Dildo**, **Picadilly** and Deep Bay.

SOURCE : Statistics Canada

7.3 EMPLOYMENT

In Table 7.4 the population of age fifteen years and over is broken down by number in the **labour** force and the participation rate by the number of employed and unemployed. Between the study and sample communities the breakdown for males is quite similar. In the sample communities there is a slightly higher (6%) representation of males in the **labour** force, which may be explained by the higher diversification of employment opportunities in the sample communities (see Table 7.4). The participation rate is lower for the study communities. This may mean that a significant portion of the male population does not seek employment due to the limited capacity of the fishery to absorb more workers. The percentage of males in the **labour** force employed and unemployed are comparable within a few percentage points.

Differences are more notable in looking at the female population. The participation rate in the study communities is much lower indicating that females do not enter the **labour** market knowing that opportunities are limited. A substantially higher number (9%) of females in the study communities are unemployed than in the sample communities. Once again, this is probably largely due to the narrow range of occupational opportunities in communities dependent upon one resource sector for its livelihood.

Table 7.4 shows the dependence of the study communities upon the fishing industry. The study communities have a far greater concentration in the primary industries (for all intents and purposes the fishery) and in manufacturing (with few exceptions, fish processing)<sup>4</sup> than do the sample communities. The study communities are being investigated because of their fishing activity. It is evident from the following table that fisheries activity is the focal point around which the majority of other economic activity revolved. Community, business and service industries, financial, real estate and insurance companies rely for their incomes on the core of workers employed in the fishing industry. Lucas defines a one industry town as one in which 75% of the **labour** force is dependent for its income upon one industry.<sup>5</sup> The study communities fit into this definition having over 75% directly employed in the fishing industry or employed in a service or support industry. Therefore, without looking at the individual circumstances of specific communities, it can be said that the study communities as a group are dependent upon the fishing industry for employment and income. This dependence does not appear to be an impediment to the male population already in the **labour** force. However, there is a limit to the number of males the fishing industry can absorb. Therefore, as indicated by the participation rate, the number of males who are actually seeking employment or are already employed is less than that of the sample communities, having a more diversified economic base. The participation rate for females in the study communities is far below that of the female population of the sample communities. The lack of diversification of employment opportunities beyond the fisheries restricts female participation in light of the small representation by the service sector, the traditional source of employment for females.

TABLE 7.4

EMPLOYMENT - 1981  
BREAKDOWN BY SEX AND INDUSTRY  
STUDY AND SAMPLE COMMUNITIES

| <u>EMPLOYMENT</u>                               | <u>STUDY COMMUNITIES</u> |          | <u>SAMPLE COMMUNITIES</u> |           |
|---|--------------------------|----------|---------------------------|-----------|
|   | <u>NO.</u>               | <u>%</u> | <u>NO.</u>                | <u>%</u>  |
| <u>Males:</u>                                   |                          |          |                           |           |
| Population 15+                                  | 8,187                    |          | 7,445                     |           |
| In Labour Force                                 | 5,496                    | 100      | 5,425                     | 100       |
| Employed  | 4,316                    | 79       | 4,430                     | 82        |
| Unemployed                                      | 1,184                    | 22       | 1,000                     | 18        |
| Participation Rate (Labour<br>Force/Population) |                          | 67.1     |                           | 72.9      |
| <u>Females:</u>                                 |                          |          |                           |           |
| Population 15+                                  | 7,501                    |          | 7,125                     |           |
| In Labour Force                                 | 2,645                    | 100      | 2,640                     | 100       |
| Employed  | 1,781                    | 67       | 2,070                     | 78        |
| Unemployed                                      | 830                      | 31       | 575                       | 22        |
| Participation Rate (Labour<br>Force/Population) |                          | 35.3     |                           | 37.1      |
| TOTAL Labour Force<br>(Both Sexes)              | 7,955                    |          | 8,075                     |           |
| <b>All Industries</b>                           | 7,618                    | 100      | 7,820                     | 100       |
| Primary   | 1,336                    | 18       | 780                       | <b>10</b> |
| Manufacturing                                   | 2,176                    | 29       | 1,270                     | 16        |
| Construction                                    | 634                      | 8        | 765                       | 10        |
| Transportation and<br>Other Utilities           | 455                      | 6        | 635                       | 8         |
| Trade   | 908                      | 12       | 1,635                     | 21        |
| Finance, Real Estate<br>and Insurance           | 103                      | 1        | 180                       | 2         |
| Community, Business,<br>Service                 | 1,526                    | 20       | <b>1,950</b>              | 25        |
| Public Administration                           | 428                      | 6        | 565                       | 7         |

SOURCE : Statistics Canada



These lower participation rates do not indicate that CBO's are failing in their goals to serve the employment needs of the local population. On the contrary they point to the overwhelming importance of the CBO sector which has injected new life into the local economy by providing the high level of employment opportunities that it does. It is obvious that without the operation of these fish plants, these communities would be devastated by unemployment. The tremendous dependence upon the fishery shows that the study communities are in a more precarious position than the sample communities. Beyond the fishery, for the study communities, there would be few economic opportunities. This may explain the growth of community-based activity developing out of a strong sense of personal investment and dependence on the fishery.

There is slightly higher incidence of social assistance cases recorded for September 1985 for the study communities compared to the sample communities. The difference is not great and might be partially explained, once again, by the lack of economic diversification among the study communities. The relatively high incidence of female unemployment may also partially explain the higher number of social assistance cases.

TABLE 7.5  
SOCIAL ASSISTANCE CASES  
SEPTEMBER 1985  
STUDY AND SAMPLE COMMUNITIES

|                        | <u>STUDY COMMUNITIES</u> |          | <u>SAMPLE COMMUNITIES</u> |          |
|------------------------|--------------------------|----------|---------------------------|----------|
|                        | <u>NO.</u>               | <u>%</u> | <u>NO.</u>                | <u>%</u> |
| Population 15+         | 7,897                    | 100      | 7,445                     | 100      |
| Social Assistance Case | 1,008                    | 13       | 602                       | 8        |

7.4 EDUCATION

TABLE 7.6

LEVEL OF EDUCATION - 1981  
STUDY AND SAMPLE COMMUNITIES

|                               | <u>STUDY COMMUNITIES</u> |          | <u>SAMPLE COMMUNITIES</u> |          |
|-------------------------------|--------------------------|----------|---------------------------|----------|
|                               | <u>NO.</u>               | <u>%</u> | <u>NO.</u>                | <u>%</u> |
| Population 15 years and over  | 16,599                   | 100      | 14,565                    | 100      |
| Less than Grade 9             | 7,085                    | 43       | 5,245                     | 36       |
| Grade 9-13                    | 6,160                    | 37       | 5,560                     | 38       |
| Trades & Other non-University | 2,317                    | 14       | 2,335                     | 16       |
| University                    | 965                      | 6        | 1,435                     | 10       |

Table 7.6 compares the educational attainment between both sets of communities. Once again, this table does not show any striking difference between the populations in the study and sample communities. In general, the population in the study communities have slightly more people with less than a Grade 9 education and slightly fewer people in the categories of higher levels. The differences between the two groups are so small that it would be presumptuous to make any statements about why the differences exist without further extensive field research. For the purposes of this study the differences are not significant enough to explain the CBO activity of these communities.

7.5 CONCLUSION

The information presented in the tables in this section show that in terms of population make-up, population changes and educational attainment, there is very little difference between the study and sample communities. The labour force characteristics of the two sets of communities present greater differences in terms of female employment and the greater concentration of employment in the fishing industry.

It would appear that if there is indeed a unique characteristic which explains why the study communities developed community-based organizations which became actively involved in the fish processing industry, it is because these communities are more dependent upon the fisheries resource. Lacking other economic options, the **CBO's** look within the fishing industry for employment and income opportunities.

It could be proposed conversely, that because the study communities have groups which are community based and community focused, they have concentrated all their efforts in the fishery, to the exclusion of developing other resources. This proposal is much more questionable than the latter conclusion in that the repeated difficulties in the fisheries would motivate the **CBO's** to seek to diversify their economic opportunities. This is supported by the high number of **CBO** representatives who stated that they became involved in CBO activity to improve or create new employment opportunities in their communities. There is no reason to suppose that they limited their efforts to the fishery. The single most frequent type of CBO represented in this study is the Development **Associ-**ation which is committed to all types of development, not just the fishing industry.

It would seem that **CBO's** recognize the need to improve the socio-economic climate of their communities and further recognize that the greatest potential for development lies in the exploitation and processing of that resource.

SECTION 7

FOOTNOTES

1. See Appendix D., page 138.
- 2\* Mr. Hugh Riddler of the Newfoundland Statistics Agency advises that Census takers may ask the Census questions slightly differently or record the responses slightly differently. This, he concludes, **is** at least partially responsible for some of the obvious discrepancies between Census figures for small, unincorporated communities.
3. Primary Industries, as defined by Statistics Canada, includes fishing, forestry, mining and agriculture. For the study communities, the resource activity besides fishing is quite minimal, being largely concentrated in subsistence activities.
4. Once again, the definition of manufacturing includes various types apart from food processing, but for the study communities the activity is virtually concentrated in the fishing industry. Other small manufacturing businesses might be sawmills, for example. which are largely family operations providing very limited employment opportunities.
5. Lucas, Minetown, Milltown, Railtown (Toronto 1971), p. 17.

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GOVERNMENT POLICY

GOVERNMENT POLICY TOWARDS CBO'S IN FISH PROCESSING

8.0 INTRODUCTION

Development associations, Fishermen Committees and Co-operatives are continually affected by the policies and programmed of federal and provincial governments. In the development of a fish plant, a CBO may seek advice from government on how to gain legal incorporation, request information on markets, acquire assistance to conduct a feasibility study, access funding to construct a building, apply for a processing license, seek a working capital loan guarantee, gain support from M.H.A.'s and M.P.'s to give momentum to their project, obtain employee training grants, and all the while lobby and cajole government officials to join in their quest. Of course, not all CBO's will require interaction with government in all these ways, but it is clear from the community interviews that government has played a determining factor in the existence of many of the community-based organizations.

Government's dominant role arises from its ongoing activities in fisheries management, industrial development and community development. It is the goal of fisheries departments at the federal and provincial levels to pursue wise use of the fisheries resource for maximum economic benefit to the province and country. This perspective leads to policies which attempt to align the amount of processing capacity with the available resource, and also to programmed which promote development opportunities where growth potential exists. To CBO's, the Federal and Provincial Fisheries Departments are, therefore, the enforcers of regulatory controls and the distributors of development assistance (both technical and financial).

Governments are also deeply involved in promoting general industrial development, within which the fish processing sector is one part. The Federal Department of Regional Industrial Expansion (D.R.I.E., formerly D.R.E.E.) and the Provincial Departments of Development and Rural,

Agricultural and Northern Development (R.A.N.D.), all maintain policies and programmed which affect the fish processing industry. For CBO's, one of the main issues with these Departments is how well they account for the unique structural characteristics of CBO's in their developmental programmed.

Finally, government has a demonstrated interest in community development. In Newfoundland this interest is based on a political and social commitment to maintain the viability of the present rural settlement structure, which carries with it a strong emphasis on fisheries development. Programmed of the Department of Rural, Agricultural and Northern Development and the Canada Employment and Immigration Commission (CEIC)<sup>1</sup>, contribute directly to community development efforts, particularly through such groups as development associations. The funding allocations of these Departments often determine the extent to which CBO's become involved in fish processing.

The evidently large role of government with respect to CBO's necessitates a more complete examination of their relationships with each other. Therefore, this section will provide an overview of the policies and programmed of each of the above mentioned Departments and a description of how they relate to CBO's. This narrative is based on the interviews with officials in each of the Departments. As well, an attempt will be made to point out where conflicts have arisen between departmental policies and the goals of CBO's. These instances will be drawn from the government interviews and the community interviews. Lastly, a discussion of the broader ~~policy issues that are~~ at play in the government - CBO relationship will be presented.<sup>2</sup>

#### 8.1 THE DEPARTMENT OF FISHERIES AND OCEANS

DFO is involved in all aspects of the fishing industry from setting harvest quotas to quality control to marketing. Although DFO does not

have the power to issue fish processing licenses, this belongs to the provincial government, it does exert considerable influence over the processing sector through its inspection and development programmed.

The general policy stance of DFO in the processing sector is the establishment of a viable industry based on sound economic principles. This position supports aligning the amount of processing capacity with the available resource, improving quality and marketability of products (including secondary processing), and creating an environment for business success.

The policies and attitudes toward **CBO's** are derived from these general policy directions, although there is no formal, written policy on the community-based sector. DFO is very concerned about the problem of excess processing capacity and the manner in which the existing fish resource is spread over too many plants, thereby affecting the viability of all plants. The Department would prefer to see a diminution of processing capacity, but it recognizes that existing plants cannot be arbitrarily closed. It also recognizes that no restrictions should be placed on private (non-government) capital that is invested in fish processing because this capital is theoretically responding to market signals and seeking the highest level of return - an evident good. . However, what DFO does frown on is any further public sector investment in fish processing which expands capacity where sufficient capacity already exists. **CBO's** depend heavily on government for capital to invest in fish processing, so the DFO policy puts a strict limit on development in this sector.

DFO has been able to extend the effect of this policy beyond its own Department by soliciting the agreement of **DRIE, CEIC**, Department of Rural, Agricultural and Northern Development, the Department of Fisheries and the Newfoundland and Labrador Development Corporation. These other agencies forward copies of funding proposals related to fish processing



to DFO for assessment and recommendation. If DFO believes that the proposed project will cause unnecessary expansion, they will so inform the funding agency, and this input will be given weight in the final decision.

DFO does not turn thumbs down on all fish processing projects seeking financial **assistance**. Typically only those expansions and establishments in the traditional fishing sectors (i.e., primary processing of cod, flounder, **caplin**) will be rejected. Projects that are directed at processing under-utilized species and secondary processing are highly favoured. Also, projects that result in modernization, technological innovation, and quality improvement will usually be treated with enthusiasm, even if there is a marginal increase in processing capacity. Unfortunately, the latter types of projects tend to reduce the number of jobs in the fish processing sector. This result is contrary to the usual main objective of **CBO's**, which is to create employment, but it is deemed a legitimate result by DFO because it will create greater competitiveness in the marketplace, thereby generating net economic returns in the long run.

**DFO's** dealings with **CBO's** are quite frequent, especially under the job creation programmed and the Canada Fisheries Development Programme for Coastal Labrador. A central issue for **CBO's** under these programmed, and other similar programmed delivered by government, is the proportional level of funding which the agency will give to the project proponent as an incentive to carry out the project. This issue is important because many **CBO's** are poorly capitalized, or simply rely on government for all their capital requirements. Development associations and Fishermen Committees do not issue shares or have legal "ownership" structures, so they tend to rely on government funding programmed. Co-operatives, however, issue shares to members/owners, and have a very definite ownership structure, so they tend to generate capital internally to a greater degree than other **CBO's**. Whether DFO and other funding agencies provide 50 percent,

or 75 percent, or 100 percent of the costs of a project, therefore, becomes a very important determinant in whether a CBO utilizes a programme.

In deciding what level of funding should be provided to **programme** applicants under various development programmed, DFO and other agencies must also consider: whether private companies would be negatively affected if **CBO's** received higher levels of assistance, whether **CBO's** should be required to have the same level of internal investment to be eligible for a **programme**; and what degree of management expertise is deemed necessary to qualify. These considerations **are** usually specified **in** programme criteria, which, therefore, become the embodiment of departmental policy.

Although **DFO's** programmed are frequently delivered through **CBO's**, there is no pro-active policy towards these groups. Under the job creation programmed and the Coastal Labrador **Programme**, Development associations and Fishermen Committees can receive up to 100 percent of costs of upgrading a community owned plant or building. However, Co-operatives are treated the same as private enterprise who receive up to 50 percent of costs. The rationale for this distinction among **CBO's** is that a Development association or a Fishermen Committee is not owned by any individual or group of individuals, and if its assets are liquidated, any resulting benefit will not accrue to private individuals. Conversely, with Co-operatives, it is perceived that the liquidation value of a publicly subsidized asset will be bestowed on the individual members, and therefore the level of subsidy should be lower.<sup>3</sup> As **well**, it is stated that Co-operatives are very similar to private enterprise except that they have a larger group of shareholders. Co-operatives tend to compete directly with private enterprise in the marketplace and, therefore, should not be given an unfair advantage through higher levels of government assistance.

Non-co-operative **CBO's** are not typically involved in operating a fish processing business, rather they often own a building and lease it to a private processor. Therefore, these **CBO's** are not directly **compet-**ing against private enterprise in the marketplace, so it causes no unfairness to provide 100 percent of project costs to these organizations. However, if development associations were to set up subsidiary companies to operate processing facilities, they would be treated the same as other private companies.

DFO programmed that are delivered to development associations and Fishermen Committees do not require specified levels of equity investment before a grant is made because the project objective is usually to build a community asset, not a private asset in a commercial operation. A more important consideration to DFO is whether the CBO has the **capabil-**ity and legitimacy to account for the funds and carry out the project.

Other programmed of DFO eligible to **CBO's**, aside from Job Creation Programmed and the Labrador Fisheries Development **Programme**, include Ice-Making and Technical Assistance. **CBO's** that use these programmed are primarily co-operatives because the Ice-Making **Programme** requires a 20 percent contribution by the applicant towards the purchase of the machine, and technical assistance **is** aimed at operators.

DFO perceives that the goals of **CBO's** are in conflict with federal policy insofar as **CBO's** attempt to expand processing capacity. It **is** felt that **CBO's** do not understand that there cannot be a fish plant in every community. They suffer from the 'fallacy of composition' where a good that derives to a single community from a fish plant will not translate into a greater good if many communities attempt to set up fish plants. It is recognizes that the main objective of **CBO's** is to create employment, and that job creation programmed have permitted them to construct fish plants in the past, but a stop must be made to all expansions because the declining economies of scale will hurt the industry overall.

From the CBO perspective, the community interviews revealed that most **CBO's** did not have much interaction with DFO, and most that did felt that their relationship with DFO was good. Only four groups mentioned that they had been constrained by **DFO's** "no expansion" policy, two of them feeling that **DFO's** actions were partly motivated by negative attitudes toward community groups in general. However, this opinion can be countered by examples of generous DFO assistance to organizations like the **Torngat** Co-operative (through its shrimp license) and the Red Bay Co-operative (through construction of a Salt Fish Dryer). Yet the groups that have had conflicts with DFO emerge from their battles with a sense of bitterness, unfair treatment and the assessment that DFO does not appreciate the noble goals which the groups are pursuing. They also witness no attempt by DFO to compromise or look for exceptions to general policy directions (i.e., when there may be sufficient capacity in the general area, but there are fishermen in a particular community who have no buyers and are-constantly facing an uncertain primary market).

While this assessment may be technically correct, DFO claims it does understand the goals of community groups, but its policy direction limits them from considering exceptions to the rule so that the integrity of the overall policy is protected. DFO contends that problems like not having a consistent buyer are short-term problems which are self-correcting **and** do not require policy adjustment.

## 8.2 THE DEPARTMENT OF FISHERIES

The Provincial Department of Fisheries is the primary government agency in the fish processing industry due to its control over the issuing of processing licenses. The Department is also involved in other aspects of the fishing industry such as research and development, vessel technology, quality control, resource development, and management of about 300 on-shore fisheries facilities (i.e. gear **sheds**, stages) around the province.

The general policy objective of the Department of Fisheries in the processing sector is "to develop a competitive and commercially viable processing sector and to increase income and employment through further processing" (Government of Newfoundland and Labrador, 1982, p. 5). One manifestation of this objective is the freeze on issuing processing licenses which has been in place since 1982. The Department recognizes, similar to DFO, that rapid expansion has harmed the economic prospects of the industry, and that some form of rationalization must take place. However, this policy direction is tempered by the realization that many rural areas have no development alternatives outside of the fishery, and therefore plants in these areas should, in special cases, be financially supported for social reasons even though there may be slim prospects for viability (Ibid., p. 33). Promised support to a number of Fishery Products International plants on the south coast of the province and the operation of plants at substantial losses on the north coast of Labrador, are examples of this policy.

With respect to community-based organizations, this balanced approach to the processing sector, which recognizes the interests of communities, is less in evidence. It is the policy of the Department of Fisheries that development associations and by extension all community associations be prohibited from owning or operating fish processing facilities. This policy was formulated in 1984 in response to a brief by the Newfoundland and Labrador Rural Development Council to the Premier. In this brief, the Council informed the Premier that several development associations:

have become involved in the construction of new fish processing facilities only to discover that ownership and control must be turned over to the Provincial Department of Fisheries to obtain their approval. While we agree that the province must exert some control over fisheries expansion, we do not believe that such control requires provincial ownership and we support the right of all regional development associations to own, operate and/or lease any properties either constructed by them or otherwise acquires. (NLRDC, p. 6).

This statement was based on the experience of development **associa-**  
**tions**, like **the** North Shore - Bay of Islands Development Association, who  
had cleared all the hurdles of obtaining a job creation grant to  
construct a building, except for the recommendation of the Department of  
Fisheries. Without this recommendation, the funding agency would usually  
decline to issue the grant.

The response of the Premier to the brief included the following  
reference to the ownership issue:

We cannot agree with the concept of development associations  
owning and operating processing facilities that have been built  
or expanded under various employment programmed. The reasons  
for this relate to the complications which arise with regard to  
licensing and lease fees. Obviously, in order to regulate the  
processing industry in a manner consistent with the available  
resource, there can be no expansion without the prior knowledge  
and approval of this Department (of Fisheries). Concerning the  
lease fees, there is an obvious conflict if a Development  
Association were to build or expand a facility and lease it to  
an operator at fees inconsistent with those charged for similar  
facilities owned by the Department. We have studied this  
matter in great detail and reached the conclusion that our only  
reasonable course of action is to insist on the following three  
conditions for the expansion of provincially owned facilities:

- a. Expansion must be first referred to the Department and .  
receive prior **approval** by the Department (i.e. the  
licensing question).
- b. Present operator of the plant (lessee) must give prior  
approval to need for expansion and agreement to pay the  
additional lease fees based upon uniform square footage  
rate.
- c. The sponsoring agency must give prior approval to transfer  
the completed extension to the Department of Fisheries.

This policy **is** based on a general concern that development associa-  
tions are forcing an expansion of the processing sector without due  
regard to market signals and the availability of raw materials, and that  
an operating or ownership role in the fish processing sector is not  
within the mandate of development associations. As well, the Department

feels that many associations are leasing these facilities to private operators at below market rates, and well below the rental charges on provincially owned facilities. This situation offers unfair advantages to some processors over other processors. The provincial statement is unclear on whether all new facilities obtained by development associations, or just provincially-owned facilities expanded under employment programmed, are included under the policy. However, discussions with Department officials reveal that the policy is being interpreted broadly, and the Department disapproves of any ownership or operating role in the industry by development associations. The Department recognizes there are a number of existing examples of Development Association activity in fish processing, but it does not feel that such operations are within the mandates of the Associations.

The Department interprets this policy to include other community groups, such as Fishermen Committees, but it clearly does not include co-operatives. Co-operatives are regarded in the same manner as private enterprise, mainly because they are active commercial operators competing in the same marketplace as private operators. Examples of the Department's support of the co-operative sector are a working capital loan guarantee to the Fogo Island Co-operative, the sale of two fish plants to the Fogo Co-operative for a nominal \$1.00 price, and the access to a processing license given to the Petty Harbour Co-operative.

The Development Association expansion **policy** of the Department of Fisheries exists quite apart from the general policy of a freeze on new processing licenses. It goes without saying, however, that the general **policy** also applies to community groups.

The Council **has** protested the policy position of the provincial government, but as yet with no success. Surprisingly, in a somewhat contradictory manner, in 1985 the Department condoned the expansion of the plant in Riverhead, which is owned by the Fishermen Committee, and

the construction of a salmon hatchery in Bay **D'Espoir**, owned by the local Development Association. Both facilities were built exclusively with public capital. The Department of Fisheries states that the Riverhead expansion was not transferred to provincial ownership because the **Department** is mainly concerned with exerting control over only those expansions which are adjacent to existing provincially owned plants. In a case like the North Shore - Bay of Islands plant where the new building was across the street from the provincial plant, provincial control was seen as necessary. In Bay **D'Espoir**, the Development Association incorporated a subsidiary company which would manage and hold the assets of the salmon hatchery. The Department felt that a separate company was an appropriate vehicle for the association to use, which would separate the hatchery business from the on-going activities of the association, thereby preventing the community pressures which bear directly on the association from affecting the efficient management of the hatchery.

It is worthwhile noting one further aspect of the Department of Fisheries involvement in managing on-shore facilities around the province. The Department says that community groups do not often have the financial means to maintain and repair these buildings, so it is appropriate that they are managed by the government. In most instances the Department says that community groups want to turn over these assets and that the policy works well.

Moving from policy to programmed, there are a number of programmed in the Department of Fisheries that are eligible to **CBO's** (primarily co-operatives). These include research and development on secondary processing, new processing technology, quality improvement, engineering and technical **services**, promotion of under-utilized species, aquiculture marketing promotions, and small scale **financial** assistance to community fisheries facilities. Development associations most often use the **aqua-**culture and financial assistance programmed, fishermen committees use the financial assistance programmed and Co-operatives have occasionally accessed some of the other programmed.



The community interviews produced a divided opinion on the Department of Fisheries. About an equal number of **CBO's** said they experienced a good relationship with the Department as those who said they had no support or serious disagreements with them. The conflicts centered around the policy on development associations, the policy on provincial takeovers and a general feeling that the Department does not support the goals of community groups.

### 8.3 THE DEPARTMENT OF RURAL, AGRICULTURAL AND NORTHERN DEVELOPMENT (RAND)

The Department of RAND is the agency that works most closely with **CBO's**. Development associations can avail of subsidies to cover their administration costs, capital for development projects, training in many areas of development and operations, planning and research assistance, and an extensive network of field workers who deal almost exclusively with development associations. These assistance programmed are funded through a 50/50 cost-shared Rural Development Subsidiary Agreement with the Department of Regional Industrial Expansion. Project decisions are made by Federal/Provincial Committees, but the programmed are delivered by RAND.

Co-operatives are incorporated under the Co-operative Societies Act which specifies a range of regulatory duties which are carried out by RAND officials. On the development side, RAND will provide advice and assistance to new co-operatives to help them through the incorporation process, capital assistance to new worker and producer co-operatives, and training, education and planning assistance.

Fishermen Committees do not relate to RAND directly through special programmed, but they may access these programmed through development associations.

RAND also administers financial and advisory assistance to small businesses which are available to **BO's** that qualify under programme criteria.

As a result of RAND's special mandate to assist CBO's to carry out development activities, RAND's policy direction is very supportive of CBO's engaging in the fish processing sector. However, this policy is tempered by the realities of expansion opportunities in the industry, and RAND's financial assistance to fisheries related projects is contingent upon approval of the line department, the Department of Fisheries.

RAND's policies are motivated by a development orientation which regards the desires of communities and regions as central issues in economic decision-making. Therefore, community groups like development associations and co-operatives are accorded an important position because they represent the interests of local people who are not often included in determining development priorities. RAND programmed provide the means for these groups to become active in economic development in all capacities from lobbying to sponsoring job creation projects to operating commercial enterprises. Of course, co-operatives are slightly different from other CBO's in that their main intent is always to operate commercially, but they still represent a wider interest than conventional private enterprise.

RAND does not encourage development associations to compete directly with private enterprise, but rather, encourages them to work in support of local businesses. As well, the Department will not invest public funds in Development Association projects that simply displace jobs from one community to another (which would happen, for example, if a fish plant was built in a community where previously the local fish was being shipped to a plant in a different community). However, RAND does uphold the right for development associations to engage in whatever type of development activity they choose, and RAND encourages them to negotiate and deal with business and government to obtain the greatest possible advantages for their areas.

RAND's policies also attempt to account for the economically depressed nature of rural areas of the province. Low incomes, high employment, a large degree of dependence on outside capital, few development alternatives and a perception of low profit potential by private investors all lead to programmed that support high risk projects and alternative vehicles to carry out these projects. In relation to fish processing, RAND programmed support community groups, who are the groups with the greatest vested interest in **deveoping** the local area, to undertake experiments and commercial activities that private enterprise might not find attractive. Often, a Development Association will induce a private operator to set up in a community once the barriers of risk and **unknown** feasibility have been set aside. Another stratgy would be to create a co-operative to retain the business in the hands of local people over the long run.

RAND policies have been criticized by other Departments for not taking a broad perspective on economic issues. For example, it has been said that RAND should not support **CBO's** in every instance when they want to establish a fish plant because this will cause economic ruin to the industry. Also, it is held that RAND should not encourage such novices as development associations to get involved in commercial enterprises which require large amounts of financing and management skill. These arguments will be considered in more detail later in this section.

The small business incentive **programme** consists of grants (up to 50 percent of capital costs of a project, with a grant limit of \$25,000) and low interest loans (up to \$25,000). The regulations of this **programme** insist that applicants have a minimum 20 percent equity position in the business, along with proven management experience and an acceptable business plan. Aside from co-operatives, **CBO's** find the equity requirement difficult to meet because they do not typically ask members to invest capital in the organization. Rather, they rely extensively on government funds for their development work. Therefore, the **business** incentive **programme** is not greatly used by **CBO's**.

From the Department's perspective, another problem that CBO's face in terms of RAND policies is that RAND must obtain the approval of the Department of Fisheries before investing in fishery related projects. However, it would be unwise of any government if it did not co-ordinate the actions of its own agencies.

From the perspective of CBO's, the opinion of RAND is quite good. The community interviews produced no complaints about policy, but there was one group that had very intense negative feelings towards RAND based on factors that were not related to fisheries. Eight other groups specified that the support and assistance from RAND was excellent and well appreciated. This finding was not unexpected because of the supportive nature of RAND's relationships with CBO's. It should also be noted that the interviewers who conducted the community interviews clearly identified themselves as employees of RAND, however, it is believed this factor did not bias the interview results.

#### 8.4 THE DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION (DRIE)

DRIE's main purpose is to aid the expansion and competitiveness of Canadian industry. The Department's activities extend across many industrial sectors, including fish processing and consist mostly of financial and counseling assistance to business.

DRIE's largest programme is the Industrial and Regional Development Program (IRDP) which provides incentives to business in the form of grants to establish, expand, modernize or innovate. The amount of the incentive given to a business varies across the country according to the economic health of the particular region in which the business is located. The intent of the programme is to provide a regionally sensitive mechanism by which to induce greater private investment. DRIE also administers other industrial programmes for export market development, small business and tourism, and in Newfoundland participates in joint

development agreements **witht** he province covering rural development, tourism, ocean industries and Burin Peninsula Development.

DRIE can relate to CBO'S in fish processing in two ways: through **IRDP** fisheries related projects; and through the Rural Development Subsidiary Agreement, which it co-sponsors with the Provincial Department of RAND.

DRIE has taken direction from the Department of Fisheries and Oceans in establishing policy on the fish processing sector. DRIE will not provide financial assistance to projects that expand processing capacity, but it will entertain projects on secondary processing and modernization. This policy applies to **all** parties in the fish processing sector. DRIE has no policy specifically directed at **CBO's**, except as manifested in the Rural Development Subsidiary Agreement. Through this agreement DRIE provides funds to subsidize the administration costs of all development associations, and they provide a small business incentive fund to which all legally incorporated bodies may apply, including development associations and co-operatives. The agreement also supports the development activities of the Newfoundland and Labrador Federation of Co-operatives, and provides a project fund which is eligible to development associations and co-operatives.

The **IRDP Programme** is also eligible to **CBO's** as long as they meet the programme criteria. DRIE officials say that due to the requirement that the project applicant have a minimum of 20 percent equity in the business, strong business management capability, and a realistic marketing plan, most **CBO's** have not made use of this **programme**. It is mainly the co-operatives who are directly involved in fish processing operations, that can access these funds. In other words, DRIE has no preference on what type of organization should operate fish plants, but DRIE will only assist those organizations who meet their financing and business management specifications. The question of whether these criteria necessarily discriminate against **CBO's** will also be considered later in this section.

According to **DRIE**, the development attempts of some **CBO's** have run **leadlong** into the "no expansion" policy and the programme equity requirements, but these are acceptable losses due to the broader good which is gained through the policies. According to **DRIE**, preventing under-capitalized businesses from starting up, are virtuous public policy activities.

The community groups that were interviewed for this study had very little to say about **DRIE**. The only mention of **DRIE** was a positive comment that verbal support had been given to efforts to take over a local fish plant. It is likely that few **CBO's** recognize the role of **DRIE** in the Rural Development Agreement because the Department of **RAND** is the main delivery agency for its programmed. Therefore, comments related to the agreement would be directed toward **RAND**. Finally, most **CBO's** are very familiar with the range of funding programmed available for economic development and probably avoided approaching **DRIE** due to the more onerous equity requirements.

#### 8.5 EMPLOYMENT AND IMMIGRATION CANADA (CEIC)

The general policy objectives of **CEIC** relate to the **labour** market through training, mobility, temporary job creation and long-term employment development. **CEIC** delivers a wide range of programmed to fulfill their objectives, but the programmed of most concern here are those dealing with employment creation. These programmed have been the major source of capital by which **CBO's** have constructed fish processing assets.

Short-term, make-work programmed like Canada Works, New Employment Expansion and Development (**NEED**), Canada Community Development **Programme** (**CCDP**) and Section 38 (unemployment insurance - funded job creation), are often used to pay the significant labour *costs* involved in building a plant. Funds from other agencies will then be used to supplement the

CEIC funds to acquire materials, machinery and equipment. Rightly or wrongly, the availability of huge amounts of capital through CEIC is often blamed for the proliferation of under-utilized plants around the province.

This situation has changed in the last two years. CEIC has agreed with the Provincial Department of Fisheries to apply the policy of limiting the ownership and operating role of development associations in the fish processing sector. As well, the Federal Department of Fisheries and Oceans has successfully encouraged CEIC to add a clause to the job creation project contracts they make with CBO's, to the effect that any building which is constructed will not be converted into a processing operation. This clause eliminates the possibility that a CBO may, for example, construct a fishermen's stage through a job creation project, but when it is finished, encourage a fish processor to start a commercial operation there. Development associations and fishermen committees have been accused of using this strategy to "sneak in the back door". The combinations of these actions, along with the general policy that fisheries related projects must be sent to the Department of Fisheries and Oceans for their recommendation, has reduced CEIC's role as a source of capital for CBO's in fish processing.

This description of CEIC's position should be qualified in one important respect. CEIC is mainly interested in job creation and community development, not in delivering a fisheries programme. It is easy to perceive how these two points of view would come into conflict, for example, where a new fish plant may create 30 new seasonal jobs, but it may also increase processing capacity to the detriment of the industry. Although CEIC has a general sensitivity to the over-capacity problem, their current programmed restraint in the area of fish processing must be credited to the Federal and Provincial Departments of Fisheries.

The employment development programmed of CEIC are currently in transition under the Canadian Jobs Strategy, and the most important changes for **CBO's** are that Canada Works and the Local Employment and Development (LEAD) programmed are being phased out. The new programmed that parallel the old ones are Job Development and Community Futures. The Job Development Programme provides skills training and work experience **tolong-term** unemployed people and differs from the old Canada Works insofar as it emphasizes training objectives over make-work objectives. The Community Futures Programme is not yet in operation.

**CBO's** are eligible to apply for these and any other employment related programmed of the Department. Criteria for these programmed are flexible and will cover up to 100 percent of costs for non-profit organizations, which cover all **CBO's** including co-operatives. Due to the wide scope of these programmed, conflicts that do arise between **CEIC** and **CBO's** who want to set up fish plants usually revolve around implementation of fisheries policy. In these cases, CEIC will let the CBO settle the policy issue with the line Department, and then be guided by the resolution.

The omnipresent position of CEIC in financing **CBO's** fish processing projects is undisputable. Sixty percent of community groups interviewed identified **CEIC** as a major source of capital for their operations, mainly during the start-up phase. However, it is surprising that not one group had a comment to make on the quality of their relationship with **CEIC**. While **CBO's** had very definite opinions on the fisheries departments and RAND, they were almost completely neutral on **CEIC**. It is difficult to determine with certainty why this situation exists, but it may be due to **CEIC's** role as a source of funds, rather than a source of development policy direction. This perceived role may change in the future as training objectives of the Canadian Jobs Strategy come to dominate the granting policies of the Department.



806 THE DEPARTMENT OF DEVELOPMENT AND TOURISM

The Department of Development and Tourism delivers industrial and small business programmed to expand the production and improve the competitiveness of Newfoundland businesses. The Department also has special responsibility for the tourism industry. In many respects the Department is the provincial counterpart to DRIE, and because its mandate covers most industrial sectors it has direct involvement in the fish processing sector. However, due to the special development programmed for **CBO's** residing in RAND, Development and Tourism has minimal interaction with the community-based sector.

The programmed of Development and Tourism which are eligible to **CBO's** are: loan guarantees, market and product development, retail sales tax exemption, technical assistance and loans and advisory services through the crown-owned Newfoundland and Labrador Development Corporation. However, the only **CBO's** which have used these programmed are the co-operatives because the programmed are aimed at active commercial operators, whereas most other **CBO's** typically own plants and lease them to operators. These programmed also require a substantial equity commitment in the business, something which is more easily generated in a co-operative. Development and Tourism does not differentiate between **CBO's** based on their organizational structure; they simply regard **CBO's** as having a larger number of shareholders than private companies. All programmed are eligible to **CBO's** as long as they meet the **programme** criteria. Project proposals are given the same analysis whether it is from a CBO or a conventional private company.

The relatively infrequent involvement of Development and Tourism in CBO activities is reflected in the community interviews. No **CBO's** mentioned this Department when commenting on their relationship with government. This finding is not unexpected and simply reflects that **CBO's** in fish processing do not regard Development and Tourism's programmed as primary sources of capital or assistance.

## 8.7 ISSUES IN GOVERNMENT POLICY

The above descriptions of policies and programmed of government as they relate to **CBO's** in fish processing, bring to the fore a number of general policy issues. For the most part, the general issues underlie the varying treatment that **CBO's** receive from different departments, and they concern unstated assumptions which agencies use in dealing with community groups. These issues need to be brought into clearer focus before public policies can realistically adress the problems of the community-based sector.

### 8.7a Community Development Versus Industrial Development

It is clear from the policies of DFO, the Department of Fisheries and DRIE that the need to promote orderly development of the fish processing industry is paramount over all other processing sector policy objectives. These departments contend that unless business is allowed to react to clear market signals, and unless government restrains itself from supplying unwarranted public subsidies, and unless the level of fish processing capacity **is** matched with the available resource, then the success of the entire industry may be at risk. Furthermore, if the industry fails, then all the communities that rely on it will suffer. Therefore, it is ultimately in the best interests of communities to let the private sector develop the fish processing industry according to business criteria. If at times this direction produces a loss of jobs due to productivity increases, or if a plant fails due to marginal profits and poor quality, then these are acceptable casualties in achievement of the greater good. Although this description may over-emphasize the single-mindedness of this **viewpoint**, it is basically correct, and it directly informs the industrial development policies of these departments.

The community development perspective has a different starting point than the industrial development view. Community development regards the existence and health of the community, or the rural region, as the case may be, as central to all development decision making. As well, local people are encouraged to become involved in the development planning that affects their future so that the community will evolve according to their own desires. The mechanisms open to communities to achieve these goals span the range from encouragement of private investors to enter specific industries, to coercing private investors to perform certain functions, to actually owning and operating commercial ventures on behalf of the community. Communities may also take action in response to a crisis, such as a plant shutdown. Whatever actions a community takes, they will have to be achieved within the existing market economy so that the community **is** not continually dependent on government largesse. In this manner, the development activities of community groups are usually not radical; they accept the structures of the market and free enterprise logic. Indeed, community development efforts usually go hand in hand with small business development and promotion of a healthy private sector.

The Departments of RAND and CEIC support this community development concept, especially by supplying the means for community groups to take charge of the **local** development process. In particular, RAND's development philosophy is that economic development must serve the interests of local people, and assistance must be provided to make this happen. CEIC does not have as explicit a philosophy, but it has furnished much of the capital which CBO's have used in their development efforts.

The existence of these two development viewpoints would not pose a problem if their **programme** outputs were mutually exclusive. However, the fish processing sector is important to both industrial

developers and community developers, and **CBO's** are standing right in the middle. The industrial development view says that the available resource is being stretched over too many plants, thereby **creating** marginally profitable businesses and an inefficient use of private and public capital. The community development view points out that efficiency is a worthwhile goal, but in certain circumstances greater social returns in terms of jobs, lower social assistance and lessened dependence will result from spreading out fish processing operations, even if the profit margins decline slightly.

Unfortunately, the trade-offs between the two types of development are not so clearly evident in the real world and adequate measures of efficiency, social returns and profit margins are not usually available. An acceptable compromise between the two points of view is probably the major issue of government policy for **CBO's**.

8.7b The Business Capabilities of **CBO's**

Most of the officials interviewed in this study commented on the apparent lack of business capabilities possessed by **CBO's**, excluding co-operatives and wondered whether they should be **involved** on the commercial side of fish processing at all. In relation to their departmental programmed, officials felt that **CBO's** did not possess the financial skills, the ability to manage an industrial operation, or the experience to effectively market a product, that would be required to qualify for assistance. Although **CBO'S** were theoretically eligible for many of these programmed, they would probably not receive assistance due to their business inexperience. Possibly in recognition of their limited skills, most **CBO's** have refrained from directly operating a fish processing business and have leased their premises to private operators.

Co-operatives were regarded as possessing more competence in business management skills than other **CBO's**. This was attributed to their need for such skills when in the marketplace in daily competition with other commercial enterprises. However, even co-operatives did not have a spotless image, being chastised for paying too much attention to members individual interests rather than the rational stewardship of the businesses.

The central problem from the public policy perspective is how to transfer the necessary business skills to **CBO's** for them to be able to adequately manage their development activities. Most government programmed do not provide mechanisms to help eliminate business skill deficiencies in **CBO's**. Rather, they approve or reject proposals based on current skill levels. In this manner, many programmed discriminate against **CBO's**.

The responsibility for upgrading business skills should obviously rest with each CBO **individually**, but from a government perspective it should rest with the department closest to **CBO's**, the Department of RAND. Charged with the responsibility to support and assist these groups, RAND should also deliver programmed that train volunteer/democratic development groups how to manage commercial assets **and** complex manufacturing venture such as fish plants. Such training will allow **CBO's** to be more effective developers, and to integrate more easily with development resources in other government departments and financial institutions.

#### 8.7c Organizational Structure and Mandate

It has been argued , mainly by the Department of **Fisheries**, that development associations and other community groups (excluding co-operatives) should not have any ownership or operating role in the fish processing sector because of their organizational structure

and their mandate. It is posited that these groups are non-profit associations intended simply to promote and encourage private sector development and, therefore, they should not compete with these same enterprises.

The weakness in this argument is that a non-profit enterprise is legally permitted to engage in commercial transactions as long as the objective of the organization is not to earn a **profit** and distribute it for private gain. Therefore, it is the decision of each development association whether or not it wishes to pursue an active role in the fish processing industry. Development associations do indeed suffer handicaps such as a diffuse membership from which it is difficult to generate equity capital and inadequate credibility with financial institutions who perceive development associations as high risk debtors, but these are merely barriers to be overcome if the association wishes to become commercially active. The mandate of a development association does not prohibit involvement in fish processing and this development option should not be arbitrarily ruled out by government policy.

In actual fact, the critical problem which the Department of Fisheries should deal with is how to eliminate free, make-work capital from flowing into the fish processing industry through **CBO's**. It is the availability of this capital, and not the existence of **CBO's**, that allows capacity to be so easily expanded and leasing fees on these plants to be exceedingly low.

It was mentioned by a number of officials that it might be easier to deal with development associations if they incorporated subsidiary companies to undertake commercial operations. The benefit of a separate legal structure would be to isolate the business from the other activities of the development association, and clarify the locus of responsibility and management. It would

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allow a business of the development association to stand or fall on its own, without necessarily harming the rest of the association's activities. This commendable suggestion has been used by the Bay D'Espoir Development Association and is being **investigated** by a number of other association.

#### 8.7d Politics

Politics is involved in the operations of **CBO's** at two levels: local community politics as manifested within the CBO; and federal and provincial politics where M.P.'s, **M.H.A.'s** and Cabinet Ministers are pressured to support local projects. Department officials say that both types of politics affect the logic of **programme** delivery and a **CBO's success**.

At the **local** level, inter-community rivalry and sparring between cliques can cause the subordination of the goals of the CBO in order to satisfy particular interests. This **problem may cause a** community owned business to be run inefficiently (i.e. by hiring workers from each community, rather than hiring the best workers wherever they reside). Consequently, the success of development efforts is decreased, and the credibility with financial institutions and other development agencies is harmed.

At the federal and provincial levels, **CBO's** frequently request the support of elected politicians in obtaining a grant. At times this request can come in the form of considerable local pressure and the politician may be forced to use political resources to have a project approved. Financial assistance programmed are **ordinarily** operated according to consistent criteria and procedures, and the intervention of a politician in this bureaucratic domain is often the cause of anxiety and resentment, not just against the politician but against the community group. The officials interviewed for this study commented that **CBO's** can muster considerable political force when they need to, but such tactics can destroy the **logic** of what is otherwise a good **programme**.

The perspective of **CBO's** on the issue of politics is decidedly quite different. Local politics is a fact of life which cannot be ignored, but **CBO's** are coming to recognize that once committed to a project, the success of the-project must be more important than community rivalries. Evidence of this recognition is the implementation of conflict of interest by-laws and hiring guidelines by many groups.

Pressure on federal and provincial politicians is a tactic which **CBO's** keep in their arsenal and will use if necessary. **CBO 'S** are not always in agreement with the decisions of government **programme** managers and political action is regarded as legitimate in the interests of local development. The reasons for resorting to political pressure are similar to the differences between the industrial and community development perspectives. **CBO'S** regard the health and viability of the community as the starting point in development planning, and if government programming does not recognize this goal, then the programme must be prodded in the right direction. A coalescence between the goals of **CBO's** and the goals development programmed will undoubtedly reduce the use of political pressure.



1. Although **CEIC's** main emphasis is on **labour** market adjustment, programmed such as Canada Works and LEAD have either been specifically directed at community development, or have been effectively utilized for this purpose by community groups. It **is** uncertain whether the new initiatives of CEIC under the Canadian Jobs Strategy will display a change in emphasis.
2. Data on financial assistance by the various Departments to **CBO's** can be found in Appendix C, page 134.
3. In fact, the Co-operative Societies Act, 1971 disallows co-operative members to reclaim any amount greater than their purchased share capital upon the liquidation of a co-operative. Surplus funds must be given to a registered charity or be used for general co-operative education or development purposes.

ADVANTAGES AND DISADVANTAGES  
OF COMMUNITY BASED ORGANIZATIONS

## 9.0 INTRODUCTION

The preceding chapters have basically outlined the present situation of CBO activity in the fish **processing** industry, describing from various angles the circumstances surrounding CBO involvement. The final chapter presents **recommendations** concerning the future of this involvement. Before proceeding to that discussion, it is necessary to summarize the advantages and disadvantages of **CBO's**. This summary concentrates on the economic **factos**. over the social. It would be far too difficult to measure the total impact on social indicators such as preserved heritage, individual growth and leadership development.

### 9.1 ADVANTAGES

The greatest single advantage of CBO controlled development activity is that it is community or regionally oriented. It works within, and indeed develops out of, the unique **socio-economic** context in which it finds itself. This type of development is internally arrived at, not externally imposed. There have been numerous major problems, in this province, with development policies which were enacted without local input. Not only were many of the policies disruptive to the lives of the people affected, they did not utilize the local resources in the most . appropriate fashion. This meant that resources were often underutilized or incorrectly exploited. If the development had been more people and future oriented, these problems would have been avoided.

**CBO's** recognize both the right and the responsibility of local people to participate in development which affects their lives. CBO initiated development is directed by the local context and considers both the needs and priorities of the **people** as well as the appropriateness of the development to the local resources. In other words, when a community determines that it has an identity, a uniqueness which is valued by its citizens, the people strive to maintain that community. It is, of

course, necessary to be able to support the community economically, but this should be accomplished through development which is suitable or appropriate to the community's lifestyle and resources. This is one of the greatest advantages of **CBO's**, that they recognize the value of local people and their lifestyle and operate accordingly.

Community-based organizations are community oriented, not profit oriented, which **is** their second advantage. Private businesses are profit oriented. It is the nature of the business and the goal of being in operation. The needs of local people and the preservation of future resources may conflict with this goal and are, therefore, generally of secondary importance. In the event that a **processing** facility is not making sufficient profit, the operator may, for his own best interests, shut down operations. The devastating effect this has upon the local people, especially where this plant is the single greatest source of employments, **is** not the prime consideration. Community-based organizations operate in an opposite manner. **CBO's** are made up of local people, representing the **local** population at large or some sector of that population. Their goals are to serve **local** needs. Profit **is** of secondary importance. **CBO's** will operate a plant having only marginal returns or that loses money in the short-term if necessary to maintain employment in the long-term. **CBO's** may make other decisions which are more people oriented than business oriented. This may mean the necessity of not operating at best efficiency, but is ultimately fairer to the community at large. It is apparent that such an approach will benefit the local people in ways that operating the plant for purely financial ends could not afford. However, the de-emphasizing of profit-making and sound business practices may be one of the biggest disadvantages of **CBO's**, as well as being one of the greatest advantages. This will be discussed further in the next section of this chapter.

Looking at the issue of profits from a conventional accounting perspective, a CBO needs to maintain a healthy bottom line to satisfy

its creditors and to maintain its capital, however, the decisions on how it distributed its surplus is markedly different than a private business. Whereas, as private **business** will strive to maximize profits and then share these profits between retained earnings and dividends, the CBO will consciously share its profits on additional employees (**i.e.**, before the bottom line is calculated), **re-investment** in the business, or dividends to the widespread membership (the community). In other words, **CBO's** must be very concerned about making a profit, but they have a different way of distributing the profit.

The third major advantage of **CBO's** is that they are responsible for injecting large amounts of money into their communities. Obviously, the operation of the processing facility creates employment and provides incomes. In Section 6.1, page 54, it was reported that the CBO sector of processing, meaning only those **CBO's** directly involved in operating or leasing a **facility**, created jobs for 1,493 plant workers in 1984. Also, in 1984 all CBO communities the total number of fishermen was 2,651 (including both full and part-time fishermen). It is questionable in many of the case studies investigated here whether the processing facilities would be operational or at least operating as they are if the **CBO's** were not involved. For example, on Fogo Island the private operators shut down operations. The co-operative stepped in and operated the facilities themselves. Without the intervention of the **co-op**, the livelihood of the island residents would be severely threatened. In Jersey side and surrounding area, the closure of the United States Armed Forces Base at **Argentia** had a devastating effect on the employment situation. The local development association sought to find alternatives for employment creation. After identifying the fishery as having the most potential, the **Placentia** Area Development Association spent years acquiring funding through various sources and constructing the plant. In spite of problems with operators leasing the plant, the association has succeeded in creating a number of jobs each season in an area overwhelmed by unemployment. The intervention by the community-based organizations in these two areas was essential in maintaining and creating employment opportunities. This experience is true for most of the case studies.

Beyond creating employment directly through the operation of the plant and through the support of the local fishermen, **CBO's** inject huge sums of money into their areas by accessing various funding programmed and implementing community development projects to construct, improve and/or maintain their facilities. Appendix C provides a list **of some of** the projects which have been carried out by the community-based organizations referred to in this study. It is only a partial list and probably quite a small proportion of the actual funding received. It was very difficult to assemble data on all the projects for the same reasons why there were problems with the data collection in general, as outlined in the methodology Section 2, page 23. Through these projects, **CBO's** have created at least hundreds of local goods and services has further injected needed monies into local economies.

The fourth advantage of **CBO** activity in the fish processing industry in this province is that the fishing industry itself is supported (see Section 6). **By** providing an outlet through which fishermen can sell their catches and have that product sold, **CBO's** support the industry as a whole. **CBO** activity is largely concentrated in the inshore fishery which is **labour** intensive and the traditional form of fishing for many of the study communities. The inshore fishery has been in jeopardy in recent years due to poor landings, but also due to the processing of the substantial offshore catch and the increasing importance of species other than cod. Being geared towards local needs the **CBO** operated and leased plants concentrate on filling this gap by concentrating on processing whatever is the most prevalent catches in their areas. In this way **CBO** activity is responsible for enabling fishermen in several communities to continue fishing as they have always done.

Other disadvantages are that community ownership and investment, especially in a co-operative, can improve **labour/management** relations. The involvement of fishermen in the processing industry creates a new awareness of the problems and demands of each sector. The on-the-spot experience is an education process. Another education process is

ongoing with the volunteers as they develop in terms of leadership abilities and management skills. These skills develop in response to the day-to-day needs of a business operation.

## 9.2 DISADVANTAGES

Community-based organizations owe a great deal of their activity to the hard work and commitment of volunteers. This is, of course, less true specifically for the producer co-operatives whose members ultimately hope to receive direct benefits back from the co-operative effort. However, experiences show that for **co-ops** to succeed there must be a dedicated core group. Their efforts are not individually motivated, but are for the group and the community as a whole. This is particularly true in the formation stages of the **co-op**. However, in the case of the Petty **Harbour** Fishermen's Co-operative Society Limited, the volunteer efforts of the Board and the members at large have been substantial throughout the history of the co-operative. Members often volunteer their time and energies to help out on infrastructure projects for the plant and community.

Development associations and community action groups are dependent upon volunteer effort. Volunteers make or break a development **associa-**  
**tion**. This is especially evident when associations become temporarily inactive due to the burn out or diminishing commitment of volunteers. It is equally evident when strong volunteer investment results in the successful implementation of development projects. The Twillingate-New World Island-Change Islands Development Association works smoothly and effectively because of the shared commitment and goal orientation of its volunteers.

Volunteers are indeed an essential ingredient to the successful operation of any community-based organization. However, the dependence upon volunteers may also be one of its biggest drawbacks. Volunteers

are-, by definition, people who give of their free time and their skills for the betterment of a larger body. Consequently, their time is limited and the group has little choice over what skills are brought to it. Most **CBO's** operate with limited time and limited skills. In owning or operating processing plants this may be a crucial factor. It is a credit to many **CBO's** that they have recognized this fact and restricted their involvement to the extent their time and abilities can handle. The Bay St. George South Development Association, for example, recognized that to maintain and operate the two buying stations at **Fishell's** and **Crabbe's** River would require substantial time, energy and money, which it perceived as being too big a drain on the association's resources. The organization limits its participation at this point to having an input into the choice of operator and how the facility is run.

Being at the community or regional level means that **CBO** concerns are very self-oriented, very restricted. The fulfillment of local needs within its own circumstances and utilizing its own resources is the goal of the **CBO**. This limited focus geographically may be a disadvantage in the operation of the **CBO** if one community's goals conflict with a similarly motivated group in a neighboring community. This is the case in **Baine Harbour** where the **Baine Harbour** fishermen are not at all supportive of the attempt by **Red Harbour** fishermen to construct a fish plant in that community. The **Baine Harbour** fishermen feel that the new plant will result in a decrease in the amount of catch landed at that community's plant.

In the Winterhouse Brook case study community rivalries were at least partially responsible for the proposed processing facility being built in Winterhouse Brook, not **Rocky Harbour**, as recommended by the consultant. Local politics and rivalries may work against the optimum successful running of processing facilities.



A CBO may also run into problems when community goals conflict with operating the processing facility as a business. In that profit making is not the main motivation for operating the business, the facility may be at best marginally successful, but deemed successful by the local population because it maintains jobs and elevates incomes. The lack of specific information gathered during the interviews concerning the financial operations of these organizations, results from two factors. First of all, for many of the organizations, their role is one of mediation or lessor of the plant. Therefore, the operator is a private businessperson who would not reveal any financial records. Secondly, it was found during the interviews that the **CBO's** were concerned much more with the fact that the plant was operational and providing jobs than it was in whether or not the operation was making a profit.

These issues are only problems when the processing facility is not self-supporting or depends too highly on outside sources of capital. That the plant does not make a profit is not in itself a major issue because the goal is to provide employment for the betterment of the community. It becomes an issue when the lack of that profit threatens the future operations. Consequently, **CBO's** have to consider the profit potential of their activities to the extent that the plant must be kept running. In achieving this end, problems may occur if **CBO's** have to **make** decisions which, in the short-term, oppose community goals, but will be of greater benefit to the community in the long run.

Co-operatives are different in many ways than other **CBO's** and are treated differently than development associations, for example, by government funding and other private loan agencies. They must, for the good of the **co-op**, be more business oriented than other **CBO's**. **Co-ops** still do not operate solely for profit and their goals are, of course, community or regionally oriented. However, they must make choices sometimes which are not well-received by the local population. The Torngat Fish Producers Co-operative is one example. They have been

forced by the necessity to improve their financial situation to make decisions which are unpopular **in** several communities. These decisions are essential to the long-term existence of the **co-op**.<sup>1</sup>

The table in Appendix C, page 134, shows that **CBO's** receive substantial amounts of funding, both in the form of grants and loans. It is true that **CBO's** have trouble generating capital within their own communities and it is also true that private operators, due to the marginality of the fishing industry, are unable or unwilling to lay out large capital investments for facilities they do not own. As well, **CBO's** tend to lack credibility with the private financial institution. Therefore, government funding programmed are turned to for these needs. This can create several problems. First of **all**, many of the programmed are not specifically designed to be accessed in the form needed by the CBO. There may be a greater concentration on **labour** over materials. Specific segments of the **populatin** may have to be used as the **labour** pool, potentially limiting the access to necessary skills. Secondly, programmed may be discontinued due to government restraints, leaving **CBO's** without the sources they have depended upon. Thirdly, **CBO's** may not be taken seriously as independent business operations when the bulk of their financing is from public funds. The dependence of **CBO's** on government funding is difficult to alleviate. CBO'S form in marginal communities . through local initiative and volunteer effort. There exists in the community few, if any, development opportunities outside of the fishery. The operation of the fish plant may mean the survival of the community. Therefore, government investment should be weighed upon one hand against the potential closure of the plant and the loss of employment and income this would mean on the other hand.

#### CONCLUSION

In comparing the advantages and disadvantages, it **is** felt that the advantages far outweigh the disadvantages. The problems with a

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dependence upon unskilled volunteers can be overcome in time through on-the-job training supplemented by business assistance training through government agencies. Community orientation **is** the greatest advantage of CBO development. The commitment of local people is the special **ingredi-**ent which determines success. Where **community** goals conflict with business goals, proper explanation and discussion among the people will show that the business decisions are ultimately essential to maintaining the **opera-**tion. The lack of financial assistance could be alleviated by a review of current programmed and policies and the formation of new programmed to serve this development sector. The problems with **CBO's** can be overcome. The gains experienced in rural Newfoundland through the CBO sector in Newfoundland and Labrador in terms of employment, incomes and community preservation make the work required to overcome the problems worthwhile.

SECTION 9

FOOTNOTES

1. Department of Fisheries and Oceans, Status of Fisheries Co-operatives in Newfoundland and Labrador (St. John's, 1985), p. 13.

CONCLUSIONS AND RECOMMENDATIONS

## 10.0 INTRODUCTION

The twenty-seven case studies presented in this report are representative of a wide range of activity ongoing throughout Canada. This study has investigated only one resource sector, the fishery, and even then the discussion has been restricted to the processing industry. The fish processing industry is interesting because of its employment and income potential, particularly in light of the poor economic climate of the province of Newfoundland and Labrador. **CBO** activity presents a "new" and innovative way to create and develop employment opportunities in marginal communities.

## 10.1 SUMMARY AND CONCLUSIONS

Of the twenty-seven cases presented, nine are directly involved in owning and/or operating processing facilities. These **CBO's** are producer co-operatives, with the exception of the Shrimp Union Co. Ltd., which leases three provincially owned plants. Development associations and fishermen's committees may own plants, but there is no example of one operating the plant as well. (Development Associations generally establish businesses with the goal of turning them over to private operators.) Development associations also recognize the high level of personal commitment which must be made in terms of time and energy, to maintain such an operation. The volunteers know that such an operation could tax their human and financial resources beyond their limits, and so they prefer to limit their involvement. **Fishermen's** committees experience similar concerns. Community action groups are concerned not with owning or operating the plant themselves, but with ensuring that the needs of local people are met. They accomplish this by having a major say regarding the selection of the plant leasee.

In comparing the study communities with a randomly selected group of communities, felt to be basically representative of rural communities

throughout the province, it was found that the differences were generally minimal. The only significant difference was that the study communities have a greater dependence upon the fishing industry than do the sample communities. Also, there was a higher incidence of unemployed females in the **labour** force of the study communities than in the sample communities. This is probably the result of the heavy reliance upon the fishery which translates into limited employment opportunities for women. The predominant role of the fishery as a source of employment explains **partially** why CBO involvement in the fish processing sector developed in these communities.

The community-based organizations in this study tended to develop in response to needs of the local fishery. The needs were generally ongoing problems such as a lack of fisheries infrastructure or dissatisfaction with the local buyer. A one time specific economic crisis was mentioned by only six of the 2-7 case studies as being the motivating force behind why the **CBO's** were formed. In three of these cases, the crisis was fisheries related, involving the close out of local fish plants. It **is** apparent from these cases that the fishery is the central resource sector around which development is initiated in these communities.

Wisner and Pen, and Jackson, for example, write that marginal communities with limited development choices tend to turn to **community-**based economic development. Local people perceive a need which is not recognized or else not given priority by external development agencies. To meet this need, while preserving a way of life which is considered to be valuable and worth preserving, they take responsibility for their own economic circumstances through the formalized activity of a **community-**based organization. it is an ongoing process of education, motivation and development.

Community-based organizations become involved in the fishery because it was the predominant source of employment in their areas. It was also recognized as having the most potential. The first step into fish processing came as a result of local fishermen expressing a dissatisfaction with the local fish buying situation. Either the current buyer was not meeting the needs of local fishermen or else there was no buyer in that community at all. To better serve the fishermen in ensuring a local sale of their catch and to maintain or create jobs in the processing sector, **CBO's** became involved at various **levels** in the processing sector.

**CBO** activity in processing is a significant factor in the Newfoundland fishery. **CBO** activity tends to be concentrated in the inshore fishery. This is **labour** intensive and tends to fill in the gap left by many other processors who are forced by market trends to process the more **lucrative caplin** product or to buy the large fish brought in by the offshore boats. In 1984 **CBO** plants employed 1,493 workers in those facilities actually owned and/or operated by **CBO's**. All **CBO** plants support over 2,000 fishermen. This is a conservative estimate concentrating only on the fishermen directly in the communities where the plants are located. For those communities, without **CBO** involvement the processing facility would either not be operational or would not run as it currently does (processing local catches which were difficult to sell elsewhere, running for longer periods and so on).

**CBO's**, then by their very nature, develop out of the local context and direct activity back into that context. The emphasis is on getting **local** people involved, meeting their needs, and utilizing local resources. Generally, operations are small-scale, **labour intensive** and locally oriented. They are representative of the **local** populace and have such a narrow focus that they can conflict with more far reaching **policy** decisions. The local focus is the basis for **why these CBO's exist**. The local commitment and investment is the driving force which makes these



plants operate successfully where private operators would not be **successful**, having a different set of goals. For example on Fogo Island private operators *were* to close out because the operations were not feasible according to the profit goals **they were** trying to meet. The **Fogo Island Co-op** took the facilities over and reduced their **profit** goals and maximized community goals, successfully operating the plants.

The provincial and federal governments have policies and programmed which affect CBO activity. The federal Department of Fisheries and Oceans is concerned about the overcapacity of processing facilities, therefore, they try to discourage all groups including **CBO's** from building further processing facilities. The provincial Department of Fisheries is equally concerned with resource management, but singles out development associations and similar **CBO's** as being ineligible to acquire processing **licences** due to their perceived inability to operate a facility, notwithstanding the current successful activity by **CBO's**. The Department of Rural Development, as part of its community development mandate, assists and encourages involvement by **CBO's** in the processing sector, when feasibility studies indicate that the operation could be successful. Other departments, notably CEIC, supply development funding for infrastructure, equipment, **labour** and so forth to construct and maintain the operation. The review of government policy has shown that co-operatives face the same barriers as other **CBO's** in accessing licenses or industrial development assistance. However, co-operatives have many of the same community development problems as other local organizations, and equally require more sensitive government programming.

There were both advantages and disadvantages to CBO activity, but it is felt that the high number of jobs created or maintained by this activity which might not otherwise be possible **would** indicate that the advantages outweigh the disadvantages. Further to this, the involvement of local people in the development processes which effect their lives is a major incentive to applaud CBO involvement.

The ramifications which CBO activity has for the deployment and income situations in many of these and other communities throughout Newfoundland and Labrador, dictates that community-based economic development be considered as one alternative in the choice of strategy for economic development.

## 10.2 RECOMMENDATIONS

A number of recommendations follow from the conclusions reached through this overview of community-based participation in the fish processing industry in this province. They are listed below. It is recommended:

1. That **CBO's** be viewed as individual cases and that each one be considered in the light of its own unique circumstances, including the needs of the local people. All **CBO's** should not be arbitrarily eliminated from participation in the processing sector due to inflexible policy decisions.
- 2\* That **CBO's** be recognized as representative bodies which are fulfilling a need in their areas which is not being met through other agencies and that they be given the appropriate technical and financial assistance to meet this need.
3. That **CBO's** be viewed as an alternative from of **socio-economic** development and not as a threat to private operators.
4. That financial assistance from government agencies provided to **CBO's** be compared to the assistance provided to private operators to assess the rate of return in terms of jobs created, incomes generated, and related economic **indicators**. **Socio-cultural** factors of maintaining and preserving rural communities **should** also be considered in this analysis.

5. That an advisory agency be established to provide technical and business training to CBO executives to assist them in operating their businesses more efficiently and in maximizing the benefits to the local people. Such an agency should be a joint endeavour between the provincial Department of Fisheries and the Business Development Division of the Department of Rural Development.
  
6. That a joint committee be established with representatives from both the provincial Department of Fisheries and the Department of Rural Development to review government policy as it relates to community-based organizations.

APPENDIX A

LIST OF CASE STUDIES AND LOCATIONS OF PROCESSING FACILITIES

| <u>ORGANIZATION</u>   | <u>LOCATION OF FACILITY</u>   |
|---|---|
| 1. <b>Barachois</b> Development Assoc.                                  | St. George's  |
| 2. Bay St. George South<br>Development Association                      | Crabbe's River<br><b>Fischells</b>                                  |
| 3* Bonne Bay Development<br>Association                                 | Winterhouse Brook   |
| 4. Cape Shore Area<br>Development Association                           | Branch  |
| 5* Codroy Valley<br>Development Association                             | Codroy  |
| 6. Eastport Peninsula Committee<br>for Development of Progress          | Happy Adventure   |
| 7* Fermeuse Fishermen's Committee                                       | Fermeuse  |
| 8. Fogo Island Producers'<br>Co-operative Society Limited               | Mary's <b>Harbour</b><br>Tilting<br>Seldom<br>Joe <b>Batt's</b> Arm |
| 9. Fortune Bay Co-operative<br>(attempt)                                | Fortune   |
| 10. Fortune Bay North<br>Development Association                        | <b>Belleoram</b>  |
| 11. <b>Gambo-Indian</b> Bay<br>Development Association                  | Dover   |
| 12. Labrador Fishermen's Union<br>Shrimp Company Ltd.                   | Mary's <b>Harbour</b><br><b>L'anse</b> au Loup<br>Cartwright        |
| 13. Lower Trinity South<br>Development Association                      | New <b>Perlican</b>   |
| 14. North Shore-Bay of Islands<br>Development Association               | <b>Cox's</b> Cove   |
| 15. Petite Forte Fishermen's<br>Producers' Co-operative<br>Society Ltd. | Petite Forte  |

| <u>ORGANIZATION</u>  | <u>LOCATION OF FACILITY</u>                   |
|--|---|
| 16. Petty Harbour Fishermen's Producers Co-operative Society Ltd.  | Petty Harbour                                 |
| 17. <b>Placentia</b> Area Development Association  | Jerseyside                                    |
| 18. <b>Placentia</b> West Development Association  | <b>Baine</b> Harbour                          |
| 19. Port au Port Economic Development Association  | <b>Picadilly</b>                              |
| 20. Red Bay Producers Co-operative Society Ltd.  | Red Bay                                       |
| 21. Red Harbour Fishermen's Committee  | Red Harbour                                   |
| 22. St. Lawrence Action Committee  | St. Lawrence                                  |
| 23. St. Mary's -Bay Center Development Association in conjunction with the Riverhead Fishermen's Committee | Riverhead                                     |
| 24. Torngat Fish Producers Society Ltd.  | <b>Makkovik</b><br><b>Rigolet</b><br>Hopedale |
| 25. <b>Twillingate-New</b> World Island-Change Islands Development Association                             | Whale's Gulch                                 |
| 26. Upper Trinity South Co-operative (attempt)   | South <b>Dildo</b>                            |
| 27. Wild Cove Fishermen's Committee  | Wild Cove                                     |

APPENDIX B

The interviews of Government officials were open-ended discussions guided by a list of questions on the following topics:

current policy toward **CBO's** in fish processing;

- programmed available to **CBO's**;

role of **CBO's** in the fish processing sector;

the appropriate role of the **CBO** sector in relation to the conventional private sector;

conflicts between **CBO's** and departmental policies.



APPENDIX C

FUNDING RECEIVED BY COMMUNITY BASED  
ORGANIZATION BY FUNDING PROGRAM, AMOUNT AND USE

| <u>NAME OF<br/>COMMUNITY-BASED<br/>ORGANIZATION</u> | <u>FUNDING PROGRAMME<br/>AND TYPE OF FUNDING</u> | <u>AMT. OF<br/>FUNDING</u> | <u>USE OF FUNDING</u>  |
|---|--|----------------------------|--|
| <b>Barachois</b><br>Development Assoc.              | Various Community<br>Dev. Projects (G's)         | Approx.<br>\$200,000       | Unspecified (probably<br>used <b>in</b> major<br>construction) |
| <b>Bonne Bay</b><br>Development Assoc.              | RDSA I (G)                                       | 28,000                     | Feasibility Study  |
|   | RDSA I (G)                                       | 50,000                     | Unspecified  |
|   | RDSA I (G)                                       | 25,000                     | Unspecified  |
|   | RDSA 11 (G)                                      | 14,000                     | Backfilling, Waterline<br>and Electricity                      |
|   | RDSA I (G)                                       | 100,000                    | Major Construction   |
|   | Section 38 (G)                                   | 43,100                     | Complete Floor   |
|   | Canada Works (G)                                 | 26,320                     | Fisheries Infrastructure<br>for plant-breakwater               |
| Cape Shore Area<br>Development Assoc.               | Provincial Fisheries<br>(G)                      | 5,000                      | Facility Improvements.   |
| Labrador Fishermen's<br>Shrimp Union Co. Ltd.       | Provincial Fisheries<br>(G)                      | 10,400                     | 520 Crab Pots  |
|   | Provincial Fisheries<br>(G)                      | 1,725                      | 2,300 <b>lbs.</b> of rope                                      |
|   | Provincial Fisheries<br>(L)                      | 150,000<br>(Lapsed)        | Unspecified  |
| Fogo Island<br>Co-operative                         | RDSA II (G)                                      | 36,400                     | Purchase of fish plant<br>equipment                            |
|   | Canada Works (G)                                 | 80,000                     | Ice Facility   |
|   | Canada Works (G)                                 | 80,334                     | Dyke Construction  |

| <u>NAME OF<br/>COMMUNITY-BASED<br/>ORGANIZATION</u> | <u>FUNDING PROGRAMME<br/>AND TYPE OF FUNDING</u> | <u>AMT. OF<br/>FUNDING</u> | <u>USE OF FUNDING</u>   |
|---|--|----------------------------|---|
|   | Canada Works (G)                                 | 150,000                    | Ice Facility ( <b>Fogo</b> )  |
|   | Canada Works (G)                                 | 75,000                     | Fish Plant Improvements<br>( <b>Fogo</b> )  |
|   | Canada Works (G)                                 | 65,832                     | Crab Trap Repairs<br>(Seldom)   |
|   | Canada Works (G)                                 | 78,626                     | Ice and Salt Facility<br>(Seldom)   |
|   | Canada Works (G)                                 | 36,084                     | Wharf Deck and Canopy<br>( <b>Fogo</b> )  |
|   | Canada Works (G)                                 | 68,580                     | Improvements to Fishing<br>Facility   |
|   | Canada Works (G)                                 | 98,700                     | Fish Plant Expansion<br>(Tilting)   |
|   | Provincial Fisheries<br>(L)                      | 1,000,000                  | Unspecified   |
|   | Provincial Fisheries<br>(G)                      | 4,000                      | Fishery Marketing<br>Assistance   |
|   | Provincial Fisheries<br>(G)                      | 15,000                     | Consultant's Study on<br>Plant Operation  |
| <hr/>   |  |                            |   |
| Fogo Island<br>Development assoc.                   | RDSA I (G)                                       | 35,611.59                  | Wharf Repairs at Tilting  |
| <hr/>   |  |                            |   |
| Fog Island<br>Improvement Corn.                     | RDSA I (G)                                       | 161,854                    | Fish Handling and<br>Processing Equipment for<br>Plants (Joe <b>Batt's</b> Arm<br>and <b>Fogo</b> ) |
|   | RDSA I (G)                                       | 14,826                     | Expansion of fish plant<br>at Deep Bay  |
|   | RDSA I (G)                                       | 22,809.57                  | Completion of fish plant<br>at Seldom   |
|   | RDSA I (G)                                       | 137,750                    | Blast Freezers for Seldom<br>and Fogo   |
| <hr/>   |  |                            |   |

| <u>NAME OF<br/>COMMUNITY-BASED<br/>ORGANIZATION</u>                 | <u>FUNDING PROGRAMME<br/>AND TYPE OF FUNDING</u> | <u>AMT. OF<br/>FUNDING</u> | <u>USE OF FUNDING</u>                              |
|---|--|----------------------------|--|
| Fortune Bay<br>Development Assoc.                                   | RDSA II (G)                                      | 7,073                      | Travel costs <i>re</i><br>Processing Facility      |
| <b>Gambo-Indian</b> Bay<br>Development Assoc.                       | RDSA I (G)                                       | 45,336                     | Completion of fish plant<br>at Dover               |
|   | RDSA I (G)                                       | 75,012                     | Completion of fish plant<br>at Dover               |
| <b>Petty Harbour</b><br>Fishermen's<br>Co-operative<br>Society Ltd. | RDSA II (G)                                      | 24,400                     | Business Plant Study                               |
|   | RDSA II (G)                                      | 11,186                     | Purchase of fish plant<br>Equipment                |
|   | Provincial Fisheries<br>(G)                      | 14,000                     | Fish Plant Improvements                            |
|   | Provincial Fisheries<br>(G)                      | 500                        | Marketing Assistance<br>Programme                  |
| <b>Placentia</b> Area<br>Development Assoc.                         | RDSA I (G)                                       | 5,640                      | Boat repair and<br>construction project            |
|   | RDSA I (G)                                       | 80,000                     | Establish processing<br>facility                   |
|   | RDSA I (G)                                       | 93,200                     | Expansion of plant                                 |
|   | RDSA I (G)                                       | 52,422                     | Marginal dock and storage<br>lockers               |
| <b>Placentia</b> West<br>Development Assoc.                         | RDSA I (G)                                       | 16,120.24                  | Gear shed and crib work<br>at <b>Baine</b> Harbour |
| Port au Port<br>Economic Development<br>Assoc.                      | RDSA I (G)                                       | 120,000<br><b>(Accum.)</b> | Expand Facility                                    |
|   | Provincial Fisheries<br>(G)                      | 50,000                     | Materials for Facility                             |
|   | ?  | 50,000                     | Special Response for<br>Fishermen & Plant Workers  |

| <u>NAME OF<br/>COMMUNITY-BASED<br/>ORGANIZATION</u> | <u>FUNDING PROGRAMME<br/>AND TYPE OF FUNDING</u> | <u>AMT. OF<br/>FUNDING</u>                  | <u>USE OF FUNDING</u>                               |
|---|--|---|---|
| Red Bay Producers<br>Co-operative                   | Canada Works (G)                                 | 15,444                                      | Construction of Drying<br>Trays                     |
|   | Provincial Fisheries<br>(G)                      | 5,000                                       | CCDP Salt Shed                                      |
| Southern Labrador<br>Development Assoc.             | RDSA I (G)                                       | 20,774                                      | Fish drying plant at<br>Red Bay                     |
| Bay St. George South<br>Development Assoc.          | RDSA I (G)                                       | 10,650                                      | Construction of Fish<br>Drying Facility             |
| Southern Labrador<br>Development Assoc.             | RDSA 11 (G)                                      | 21,700                                      | Operating Plan for Red<br>Bay <b>Co-op</b> Facility |
| Southern Shore<br>Development Assoc.                | RDSA I (G)                                       | 3,804                                       | Travel Funds for Fermeuse<br>Action Committee       |
| St. Lawrence<br>Action Committee                    | RDSA I (G)                                       | 5,078                                       | Travel Funds  |
| St. Mary's Bay<br>Center                            | RDSA II (G)                                      | 128,669                                     | Extension to <b>Riverhead</b><br>Fish Plant         |
| Torngat Fish<br>Producers <b>Co-op</b>              | RDSA I (G)                                       | 45,000                                      | Fish handling facility<br>at <b>Rigolet</b>         |
|   | RDSA I (G)                                       | 34,910                                      | <b>Cryovac</b> System                               |
|   | LEAD (G)   | 77,462                                      | Northern Fisheries<br>Pilot Venture                 |
|   | Provincial Fisheries<br>(L)                      | 150,000                                     | Unspecified   |
|   |  | 5,000                                       | Air shipment of fish to<br>Mainland markets         |
|   | .5,000   | Air shipment of fish to<br>Mainland markets |   |

| <u>NAME OF<br/>COMMUNITY-BASED<br/>ORGANIZATION</u>                             | <u>FUNDING PROGRAMME<br/>AND TYPE OF FUNDING</u> | <u>AMT. OF<br/>FUNDING</u> | <u>USE OF FUNDING</u>                  |
|---|--|----------------------------|--|
| <b>Twillingate-New</b><br>World Island-<br>Change Islands<br>Development Assoc. | RDSA I (G)                                       | 91,287                     | Improvements to<br>Processing Facility |
| Upper Trinity South<br>Co-operative   | Provincial Fisheries<br>(L)                      | 40,000<br>(lapsed)         | Unspecified                            |

APPENDIX D

The sample communities were chosen by randomly selecting communities from the 1981 Census data publication listing population, occupied private dwellings and so forth. The publication is numbered E-571. The fifth community following each randomly selected one was placed into the set of sample communities. Eliminations were based on:

1. Whether population exceeded 5,000.
2. Whether population was from 100 - 1,000 after first 20 communities.
3. Whether population was from 1,001 - 5,000 after first four communities.
4. Whether population was from 2,501 - 5,000 after the first community.
5. Settlements that are aggregated with one or more others on the population figures, but are separated out for the fisheries statistics are excluded.
6. Settlements for which fish landings are unavailable are excluded.



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## Background Report

# Community Based Organizations in the Fish Processing Industry in Newfoundland and Labrador

## Royal Commission on Employment and Unemployment, Newfoundland and Labrador

Wanda Legge  
Robert Thompson

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1986



COMMUNITY BASED ORGANIZATIONS  
IN THE FISH PROCESSING INDUSTRY  
IN NEWFOUNDLAND AND LABRADOR

Wanda Legge

and

Robert Thompson

This Background Report is one of several prepared for the Royal Commission on Employment and Unemployment and is being released in the hope that it will be widely circulated and discussed.

The findings of this Report are the personal **responsibility** of the authors and do not necessarily reflect the views of the Commission nor of the Department of Rural, Agriculture and Northern Development

September 1986

EXECUTIVE SUMMARY

INTRODUCTION

The purpose of this study is to assess community-based organizations (**CBO's**) that operate in the **fish** processing industry in Newfoundland and Labrador. Interest **in** a study of **this** nature arises out of the increasing presence of these groups in the industry, operating under a **variety** of arrangements and experiencing different degrees of success. These groups are typically motivated by a desire to alleviate unemployment and improve incomes in their areas, so they provide a valuable insight into practical attempts at resolving the underlying problems of the rural economy.

For the purposes of this study, **CBO's** are defined as development associations, co-operatives, and fishermen's committees which own **and/or** operate fish processing facilities. A number of additional community action groups were added to **this** core group based on their intensive involvement in sponsoring private fish processors into **their** communities, or **their** ongoing **attempts to become fish processors themselves**. As well, the Labrador Fishermen's Union Shrimp Company was included due to **its** unique ownership **and organizational attributes**.

METHODOLOGY

Information on the background **and operation** of **each** CBO was obtained through personal interviews with representatives of each organization. Other community level information **on fish** landings, processed fish, population, employment, industry and so on were gathered through secondary sources such as the Department of Fisheries and Oceans, the Department of Fisheries, and Statistics Canada. Interviews were also conducted with federal and provincial government officials in six departments to **ascertain** policy and program positions in regard to **CBO's**.

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### COMMUNITY BASED ORGANIZATIONS

Using the definition outlined above, twenty-seven **CBO's** active in the fish processing sector were identified: twelve development associations, seven co-operatives (two of which did not attain operating status), five fishermen's committees, two community action groups, and one union-owned organization. Many of these groups interact and overlap with each other in their community development activities.

An examination of the stated reasons why **CBO's** were formed reveals that 40 percent of the groups started in response to an unsatisfied need in the fishing industry, 22 percent formed out of a community crisis, and 15 percent were reacting to the general unemployment problems.

### BACKGROUND ON FISH PROCESSING ACTIVITY

The number of **CBO's** in the fish processing sector has grown in recent years with over 14 entering the industry since 1980. The major reason why **CBO's** become involved in the fish processing sector is the perceived inadequacy of the local industry. For example, there may be dissatisfaction with the local fish buyer, or no local buyer at all. A number of development associations entered the industry to assist a **local** fishermen's committee, and others entered in response to the shutdown of a fish plant, or generally to create local employment.

Of the 27 **CBO'S**, two groups own and operate fish plants, nine groups own plants but lease them to private operators, four groups lease and operate provincially owned plants, three groups own plants which are currently inactive, and one group owns and leases two buying stations. There are nine additional groups that have made takeover attempts, are in the process of starting operations, or perform an active **mediatica** role between government and the private operator. These groups are of interest **co** this study because their motivations in terms of community development are similar to the more active **CBO's**.



PROFILE OF FISH PROCESSING OPERATIONS

The CBO component of the fish processing sector **is** significant in **terms** of employment **and** quantity of **fish processed**. The communities in which **CBO's** reside **contain** 10.2 **percent** of **all full-time** fishermen, **and** 12.5 percent of vessels 35-64 feet in length. There were 1,497 plant workers in **CBO-related plants** in 1982, **and** this amount remained stable through to 1984, in **comparison to the industry** at large which experienced cutbacks in the number of **workers over the same** period. The quantity of fish **landed** in CBO **plants in 1982 amounted to** 3.1 percent of total provincial landings, and this increased to 4.9 percent by 1984. Based on these indicators, **CBO-related** fishing activity appears to employ a significant pool **of labour and** is growing in relation to the industry as a whole.

COMMUNITY PROFILES

The CBO communities were profiled according to **social, economic and** demographic indicators, and then compared on a similar basis to a sample of communities chosen **at random from the census**. This exercise was an attempt to see **if CBO communities differed from** average communities in ways **that might explain** why they pursued a community-based **economic** strategy. The results of this **analysis** are inconclusive. Some of the variances found between the two groups include lower **labour** force participation, lower employment population ratios, higher female unemployment, and of course, a labour force composition strongly oriented to the **fish-  
ing industry**. It is only the **latter variance that** can be directly linked to the **CBO's involvement in the fish processing sector**.

GOVERNMENT POLICY

Government **is** omnipresent **in** the **life** of a CBO, particularly **in** relation to **resource management and access to public sources of capital**. Most government **departments try to restrict public capital** flowing to

CBO's in the fish processing sector due to the present surplus of processing capacity. The quantity of fish being landed can be processed in a much smaller processing industry, and consequently the profitability of the industry is low. Most departments perceive that CBO's do not act in concert with government policy directions, and that they lack the business acumen to operate in the fish processing industry. Co-operatives are usually excluded from this assessment, and some departments regard them in an equivalent manner to private businesses.

The provincial Department of Fisheries maintains a formal policy that prohibits development associations from becoming involved in fish processing. This study concludes that this policy is being applied inconsistently, and that the broader objectives of the Department could be achieved through licencing policy rather than by discriminating against development associations.

Many government financial assistance programs are beyond the reach of most CBO's because they specify strict levels of required equity and a high degree of business sophistication. Rather than assist CBO's to comply with the requirements, the CBO's are simply rejected. CBO's need policies and programmed sensitive to their financial position and level of business capability so they can meaningfully participate in the development of their communities.

#### ADVANTAGES AND DISADVANTAGES

Due to the paucity of information on the profitability of CBO-related plants, it is impossible to evaluate the success of these organizations from a conventional business point of view. Therefore, a more qualitative and localized evaluation procedure was adopted.

The advantages of a CBO approach to a community's fish processing problem, and general economic conditions are:

the processing operation is oriented to community needs and goals;

the operation does not require a specified level of return on investment, and, therefore, can remain active when other processors may shut down;

**CBO's** tend to be **labour** intensive, which blends well with the need for jobs in rural communities;

community ownership can enhance the commitment by workers, especially in a co-operative, and improve labour/management relations;

where the operation is capitalized by the people of the community, the total risk is not borne by any one individual;

a **CBO** enhances the leadership and decision-making capabilities at the local level; and

the use of **CBO's** rather than a shutdown will prevent the social costs associated with **unemployment** and migration.

The disadvantages of the CBO approach are:

the initial level of **business expertise** in the organization is usually low;

a CBO has a difficult **time** raising sufficient capital to operate a fish processing business;

the CBO can often find **itself** torn between local **political/** community rivalries, pressures and the need to make a hard business decision, a dilemma which is difficult in a democratically run organization;

**CBO's** currently lack **credibility** with financial institutions and government, which is often a necessary ingredient of success; and

reliance on **volunteers** often results in a high turnover of leaders.

The major conclusion of this **study** is that the advantages of **CBO's** outweigh the disadvantages, **especially because** the disadvantages can be overcome by effective government programming.

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PREFACE

The original idea to undertake a study of community-based organization in the fish processing sector arose in February 1985 when the Royal Commission on Employment and Unemployment was appointed. The Department of Rural, Agricultural and Northern Development approached the Royal Commission with a proposal to undertake a research project that would complement the research programme of the Commission.

The chosen research topic, community-based organizations in fish processing, was of interest to the Royal Commission because it investigated a community oriented strategy to alleviate unemployment problems. A better understanding of these groups; how they are motivated, how they operate, what their goals are; might provide new insights into the general problem of unemployment and available solutions.

The Department of Rural, Agricultural and Northern Development's interest in this topic arose from daily interaction with community-based groups such as development associations and co-operatives. The Department has witnessed a growing involvement of these groups in the fish processing industry, with mixed reviews on their success coming from other government department and the private sector. A research effort directed toward community-based organizations would help clarify whether the Department was providing appropriate assistance to these groups, and whether the goals of resource management and community development were being pursued in harmony.

The research team would like to extend thanks to the volunteers and managers of the community-based organizations who agreed to be interviewed regarding the start up and operation of their fish processing activities. As well, thank-you to the government officials who were interviewed regarding departmental policies, and those who provided extensive statistical assistance.

TABLE OF CONTENTS

| <u>Section Number</u> | <u>Section</u>   | <u>Page</u> |
|-----------------------|--|-------------|
|                       | EXECUTIVE SUMMARY  | <b>i</b>    |
|                       | PREFACE  | vii         |
|                       | TABLE OF CONTENTS  | viii        |
|                       | LIST OF TABLES   | xi          |
| 1.                    | <u>INTRODUCTION</u>                                      | 1           |
| 100                   | Introduction   | 2           |
| 1.1                   | Research Goals   | 4           |
| 1.2                   | Definition of <b>CBO's</b>                               | 5           |
| 1.3                   | The Fish Processing Industry                             | 6           |
| 1.4                   | Research Issues  | 8           |
| 1.4 a                 | Existing Community Based Experiments                     | 8           |
| <b>1.4b</b>           | The Benefits of Local Control                            | 9           |
| <b>1.4c</b>           | Seeking Innovative Alternatives                          | 10          |
| 1.4d                  | Fisheries Management Policy                              | 10          |
| 1.5                   | The Role of Unions                                       | <b>11</b>   |
| 1.6                   | Report Structure   | 12          |
| 2.                    | <u>METHODOLOGY</u>                                       | 13          |
| 2.0                   | Introduction   | 14          |
| 2*1                   | Case Studies   | 14          |
| 2.2                   | Government Policy Agencies                               | 16          |
| 2.3                   | Secondary Research                                       | 17          |
| 2.4                   | Information Problems                                     | 19          |
| 2.5                   | Conclusion   | 21          |
| 3*                    | <u>LITERATURE REVIEW</u>                                 | 22          |
| 3.0                   | Introduction   | 23          |
| 3.1                   | Defining <b>CBO's</b>                                    | 23          |
| 3.2                   | Types of Communities in which <b>CBO's</b><br>are Formed | 24          |
| 3.3                   | Roles of Leaders and Volunteers                          | 25          |
| 3.4                   | <b>Why</b> Community-Based Organizations Fail            | 25          |
| 3*5                   | <b>What</b> is Needed to Make <b>CBO's</b> Successful    | 26          |
| 3.6                   | Conclusion   | 27          |

|       |  |    |
|-------|--|----|
| -4. " | <u>BACKGROUND ON COMMUNITY-BASED ORGANIZATIONS</u>                       | 28 |
| 4.0   | Introduction   | 29 |
| 4.1   | Types of Organizations   | 29 |
| 4.2   | Formation/Incorporation of Organizations                                 | 33 |
| 4.3   | Reasons for Formation  | 34 |
| 4.4   | Conclusion   | 36 |
| 5.    | <u>BACKGROUND ON ORGANIZATION'S INVOLVEMENT<br/>IN THE FISHERY</u>       | 37 |
| 5.0   | Period of CBO Involvement in Fish Processing                             | 38 |
| 5.1   | Reasons for Involvement in the Fish Processing<br>Sector                 | 39 |
| 5.2   | Type of Involvement  | 41 |
| 5.3   | Conclusion   | 46 |
| 6.    | <u>FISH PROCESSING OPERATIONS</u>  | 47 |
| 6.0   | Introduction   | 48 |
| 6.1   | Fishery Related Employment   | 48 |
| 6.2   | Fish Landings  | 51 |
| 6.3   | <b>Community</b> Crises  | 57 |
| 6.4   | Summary  | 60 |
| 7.    | <u>COMMUNITY PROFILES</u>  | 61 |
| 7.0   | Introduction   | 62 |
| 7.1   | Population   | 62 |
| 7.2   | Migration  | 65 |
| 7.3   | Employment   | 66 |
| 7.4   | Education  | 70 |
| 7.5   | Conclusion   | 70 |
| 8.    | <u>GOVERNMENT POLICY</u>   | 72 |
| 8.0   | Introduction   | 73 |
| 8.1   | The Department of Fisheries and Oceans                                   | 74 |
| 8.2   | The Department of Fisheries  | 79 |
| 8.3   | The Department of Rural, Agricultural and<br>Northern Development (RAND) | 84 |
| 8.4   | The Department of Regional Industrial<br>Expansion ( <b>DRIE</b> )       | 87 |
| 8.5   | Employment and Immigration Canada ( <b>CEIC</b> )                        | 89 |
| 8.6   | The Department of Development and Tourism                                | 92 |
| 8.7   | Issues in Government Policy  | 93 |

---

|       |  |     |
|-------|--|-----|
| 8.7 a | Community Development Versus Industrial<br>Development   | 93  |
| 8.7b  | The Business Capabilities <b>of CBO's</b>  | 95  |
| 8.7c  | Organizational Structure and Mandate   | 96  |
| 8.7d  | Politics   | 98  |
| 9.    | <u>ADVANTAGES AND DISADVANTAGES OF COMMUNITY<br/>BASED ORGANIZATIONS</u>   | 100 |
| 9.0   | Introduction   | 101 |
| 9.1   | Advantages   | 101 |
| 9.2   | Disadvantages  | 105 |
| 9.3   | Conclusion   | 108 |
| 10.   | <u>CONCLUSIONS AND RECOMMENDATIONS</u>   | 110 |
| 10.0  | Introduction   | 111 |
| 10.1  | Summary and Conclusions  | 111 |
| 10.2  | Recommendations  | 115 |
|       | APPENDIX A - List of Case Studies and<br>Locations <b>of</b> Processing Facilities                                     | 117 |
|       | APPENDIX B - Topics for interviews <b>with</b><br>Government Officials on Policy                                       | 120 |
|       | APPENDIX C - List of Funding Received by<br>Community-Based Organizations <b>by</b> Funding<br>Program, Amount and Use | 122 |
|       | APPENDIX D - Explanation of Sampling Process   | 128 |
|       | BIBLIOGRAPHY   | 130 |

LIST OF TABLES

| <u>Number</u> | <u>Title</u>   | <u>Page</u> |
|---------------|--|-------------|
| 4.1           | Number of Each Type of Organization  | 31          |
| 4.2           | Reasons Why <b>CBO's</b> Were Formed   | 35          |
| 5.1           | Number of <b>CBO's</b> by Year in Which <b>CBO's</b> Started Activity in Fish Processing Sector                                | 39          |
| 5.2           | Reasons for Involvement in Fish Processing   | 40          |
| 5.3           | Community Based Organization by Type of Involvement in Fish Processing Sector, and Number of Processing Facilities             | 42          |
| 5.4           | Number of <b>CBO</b> - Related Plants, by Type of CBO Involvement in Fish Processing Sector, 1985                              | 44          |
| 6.1           | Number of Fishermen in CBO Communities and Province, 1984  | 49          |
| 6.2           | Number of Jobs in CBO - Related Fish Plants, 1982-82   | 50          |
| 6.3           | Total Fish Landings in CBO Communities and Province, 1982  | 51          |
| 6.4           | Landed Weight of Fish, By Species in CBO - Related Plants, 1982-84   | 54          |
| 6.5           | Landed Weight of Fish, In CBO - Related Plants, As a Percentage of Total Landing for Newfoundland and Labrador, 1982-84        | 55          |
| 6.6           | Plant Production by Species in CBO - Related Plants, 1982-84   | 56          |
| 6.7           | Fish Landings in CBO - Related Communities for Five Years Prior to <b>CBO's</b> Initial Activity in Fish Processing Sector     | 58          |
| 6.8           | Total Income in <b>CBO-Related</b> Communities for Five Years Prior to <b>CBO's</b> Initial Activity in Fish Processing Sector | 60          |



|     |  |    |
|-----|--|----|
| 7.1 | Population 1976 and 1981 - Study and Sample Communities                        | 63 |
| 7.2 | Population - 1981 Breakdown by Age and Sex - Study and Sample Communities      | 63 |
| 7.3 | Migration - 1976 to 1981 Study and Sample Communities                          | 66 |
| 7.4 | Employment - 1981 Breakdown by Sex and Industry - Study and Sample Communities | 68 |
| 7.5 | Social Assistance Cases September 1985 - Study and Sample Communities          | 69 |
| 7.6 | Level of Education - 1981 - Study and Sample Communities                       | 70 |

INTRODUCTION

## 1.0. INTRODUCTION

Community-based ownership and control of fish processing operations **is** presently the subject of much experimentation in Newfoundland and Labrador. **In** an environment of **general economic uncertainty, and a** declining and inherently unstable **fishing** industry, many communities have sought alternative **means** to control **and expand their** economic **base**. This study will examine the varied groups which comprise the community-based sector **in** Newfoundland to gain a better understanding of their motivations, scope **of** activity, **success or failure, relevance to government policy,** and potential contribution to **community** development and employment.

Community-based economic activity has a long and significant presence in Canada and Newfoundland. The prairie grain pools are a striking example of how primary producers who were marginal to the industrial and financial centres of power, co-operatively created and controlled their source of **livelihood**. The Pools dominated the economy of Western Canada for many years, and continue to make up a major proportion of Canada's exports. Other examples of community-based activity include the network of northern/native craft producer's co-operatives, the Prince Rupert Fishermen's Co-operative which **is the largest** fishing co-operative **in** the world, the **New Dawn development corporation** of Cape Breton, and the United Maritime **Fishermen's co-operative which** operates primarily **in** the Maritime provinces but has ventured into Newfoundland on many occasions.

In Newfoundland and Labrador, the community-based sector is currently most visible through the system of fifty-four development associations, however, the role of co-operatives in aiding communities to control **local** fishing activity **extends back to the turn of the century**. This study will also consider the activities of fishermen's committees and, to a **more** limited extent, community action committees. A unique

venture in Labrador involving a union owned business will also be examined.

The common link between these community-based organizations (**CBO's**) is that they grow out of the desire of local people to control their own **socio-economic** development. The notion of "**community**" in this usage is usually geographic, for example, one town or a group of towns, but may also mean an occupational or demographic group spread out over a larger geographic area. The case of Newfoundland sealers located in many areas of northern and eastern Newfoundland, joining together in a sealer's co-operative can be regarded as a **CBO**. The word "**community**" is, therefore, used loosely to describe a type of development strategy more so than a specific location. Further discussion on defining **CBO's** is included later in this section.

**CBO's** have been very active in the fishing industry in Newfoundland. Development associations and fishermen's committees have acted as conduits for public funds into fishing infrastructure such as gear sheds, slipways and **wharves**.<sup>1</sup> They have also represented local public and fishing interests when dealing with government, media, and private industry. These **CBO's** have also had definite interests in the fish processing sector due to the jobs and prosperity which fish plants can bring to communities, however, direct ownership or operation of a fish plant has not traditionally been a **CBO** domain. This situation is quickly changing. Today, **CBO's** own or operate 19 fish plants in the province, and their significance in terms of quantity of processed fish is growing.

The increasing presence of **CBO's** in the fish processing sector is an interesting phenomenon. In a conservative society where people have typically been reluctant to challenge recognized spheres of authority, community groups all over the province are making organized statements that longstanding economic structures are not serving their best

interests. They are creating mechanisms whereby authority and power over economic decisions accrue to **the community**, rather than to actors that are not accountable to the community.

Aswell, in certain cases communities have been **marginalized** both in terms of geographic location and their **place** in the economy. Development capital, in seeking the greatest return in the market system, may not be attracted to such communities. Consequently, local people must take care of themselves, rely on their own resources and search for innovative approaches to development. Their driving force is their own personal investment in their community. Community-based action in the fish processing sector is a natural objective for such communities.

#### 1.1 RESEARCH GOALS

This study has a dual purpose: to explore the nature of **CBO's** in relation to community goals and local circumstances, and to place **CBO's** in the broader context of government policy, resource management, employment creation, and industrial development. To accomplish this task, the following research goals were adopted:

1. To determine the level of involvement by **CBO's** in the fish processing industry in Newfoundland and Labrador.
2. To ascertain the motivating factors behind **CBO's** becoming involved in fish processing.
3. To assess the success or failure of CBO activity, both based on locally-defined criteria and conventional economic criteria.
4. To determine the impact of government policies and programming on the **CBO** sector.

5. To discern the advantages and disadvantages of **CBO's** in fish processing, and in particular to examine the various models used in different communities.

Based on this research, conclusions and new directions can be put forward regarding development programming and government policy. Hopefully, the research results would contribute to a realistic understanding of the place of **CBO's** in the fishing industry.

#### 1.2 DEFINITION OF CBO'S

As noted above, the convenient use of the term "community-based" permits a wide collection of groups to be designated as **CBO's**. For the purposes of this study, regional development associations (**RDA's**), fishing co-operatives and fishermen's committees will be the primary focus of attention. A number of community action committees have been included due to their current prominence, and the interesting case of the Labrador Fishermen's Union Shrimp Company will also be examined. In other areas of Canada, community development corporations would likely be included on a list of **CBO's**, but this type of organization is not very active in Newfoundland, with the exception of a number of **LEAD Corporations**<sup>2</sup> which have no present involvement in fish processing.

The essence of a community-based strategy to economic development is suitably captured by Wismer and Pell:<sup>3</sup>

1. **CBO's** undertake strategies of social and economic development at the community or regional level. Development is directed towards the specific local circumstances.
2. There is a belief by the participants that development must be integrated meeting social, cultural and economic goals.

3. The development of local resources is aimed at maximizing local benefits and the conservation/regeneration of local resources.
4. The organization retains a not solely for profit status. That is, profits are used for the benefits of the community as a whole and are not solely for project members.
- 5\* Democratic processes are maximized in internal decision making and in community mobilization. There is a belief in the right and ability of people to manage their own social and economic development.
6. The development process recognizes and supports a broad definition of work, including paid employment, volunteerism, subsistence activities, and other non-market essentials.

Clearly, all the groups identified in this study do not adhere to all these principles, but there is an underlying commonality among all the **CBO's** which **is** reflected here. A more detailed analysis of structures **in** Section 4.1 will show how the definition of **CBO'sis** translated into working organizations.

### 1.3 THE FISH PROCESSING INDUSTRY

It is necessary to **view** the growth in **CBO** processors **in light** of trends in the **fish processing sector as a whole**. There are two trends that are of particular interest here: the expansionary environment of **the late 1970's**, and the crisis/rationalization period which followed. Although the history of **some CBO's predates this period**, **most** of the **CBO's active** today were deeply influenced by these trends.

The declaration of extended fisheries jurisdiction by the Canadian government on January 1, 1977 marked the end of a period of declining fish landings and industry malaise. The late 1970's was characterized by rejuvenating fish stocks, especially the **2J3KL** cod stock, an expansionary provincial government fisheries policy,<sup>4</sup> and growing private and public investment in fish processing capacity. Between 1976 and 1979 the annual average rate of growth in fish landings was 30 percent, annual capital investment in the processing sector increased by 200 percent between 1977 and 1979, and the number of **licenced** fish processors grew by 22 percent during the same **period.**<sup>5</sup> A direct effect of this expansion was the growth in fish plant employment, from an annual average of 4,344 jobs in 1975 to 9,807 in 1979, a 126 percent **increase.**<sup>6</sup> Of course the total number of jobs far exceeds this number when seasonal workers are included.

Many rural communities experienced unprecedented economic buoyancy during the late 1970's, but this soon disappeared as the fishing industry entered into crisis. The downturn of the 1980's was not precipitated by a resource crisis, but rather ironically was partially induced by the expansion of the earlier period. Overinvestment based on debt capital became burdensome when interest rates rose dramatically, and faced with weak market prices, processors witnessed their costs growing faster **than revenues.**<sup>7</sup> During this period of restructuring, which is still underway, capital expenditures declined by about 80 percent (1980-83), the number of processing **licences** stabilized, and fish plant employment dropped from 9,807 jobs in 1979 to **7,917** in 1984, a 19 percent decline.

These circumstances provided severe unemployment and income shocks to rural areas, and possibly as important, they created uncertainty about the future. Many communities had organized to participate in the expansion of the late 1970's, and the subsequent crisis induced them to consolidate their gains and to take a degree of control over their economic environment.



## 1.4 RESEARCH ISSUES

In addition to the research goals defined earlier in this section, it is useful to elaborate on some of the issues which make this study timely and which place it in the context of a wider set of ideas.

### 1.4.a Existing Community-Based Experiments

There are a large number of communities involved with various types of organizational models, both inside and outside the fishing industry. All these models have similar goals, to enhance the economic and social condition of the community, but there has been very little assessment of how these models compare with each other and which is the most effective. It is likely that each model is suited to a specific type of community action or business capacity, but there has been very little research on this issue.

One notable exception is the study by Jackson on **community-** based action in small scale fisheries in Newfoundland.<sup>a</sup> This study compares three types of organizations: co-operatives, worker co-operatives and community development corporations. However, this study attempts to define what is possible in Newfoundland based on experiences elsewhere, rather than assessing the success of existing experiments in the province. Jackson's conclusions enthusiastically support the expansion of community-based ventures, especially from the view that these ventures are appropriate to small, remote communities.

Comparative studies of organizational models are also made on a weekly and monthly basis as community groups hold meetings with other groups already operating in the fishery, or at development conferences which are held with increasing regularity throughout the province. An example is a February 1986 conference sponsored by

three development associations in the **Bonavista-Trinity** area where the President of the Petty **Harbour** Fishermen's Co-operative was invited to make an address on the realities of organizing a fishing co-operative.

These types of meetings are probably the most useful arenas for information transfer on community-based activity in the fish processing sector, however, they do not provide a consistent treatment of the range **of** available options. It is hoped this study will make a contribution towards filling these gaps.

#### 1.4.b The Benefits of Local Control

The literature on community development typically assumes that local control of economic activity **will** achieve the greatest economic **benefit**. These benefits would appear in the form of retained profits, emphasis on employment over return on investment (to the extent possible), and a recognition of the importance of the community as a viable unit.

This assumption is contradictory to classical notions about the market economy which say that the greatest good derives from economic actors making free choices based on self-interest. Such choices should be independent of the concept of community.

In practical terms this dichotomy is not so distinct, and government policy reflects elements of both viewpoints. A study of **CBO's** must address this debate because a positive or negative assessment of **CBO's** is directly linked to policy instruments that support or negate their impact.

1.4. C Seeking Innovative Alternatives

The two recessions of the early 1980's, and the slow recovery, have put pressures on governments to seek alternative solutions to economic problems. In the industrial heartlands many plants have closed permanently, and depressed markets have severely harmed the outlook for rural communities which are dependent on the export of commodities. In the United States there has been a massive expansion in the use of Employee Stock Ownership Plans to revive failing companies. In Canada, the federal government has experimented with incentives for profit-sharing plans to improve productivity. More recently they have proposed tax breaks for individuals contributing to 'solidarity funds' which assist companies in declining industries. The federal government also proposed a unique type of development corporation for the fishing industry in Newfoundland, north of the 50th parallel, but the outcome of this proposal **is still** unknown.

These actions demonstrate a willingness by government to seek innovative solutions to difficult economic problems. In this context, an assessment of CBO's in the fish processing sector is timely.

1.4.d Fisheries Management Policy

Fisheries management policy is premised on harvesting the resource **at the level** of **maximum economic** benefit to society. This level **theoretically** allows for **the extraction** of the greatest economic rent from the resource, combined with preservation of the stocks. Flowing from this logic is the policy that harvesting and processing **capacity should be closely aligned** with the available resource so **that the resource rent will not** be dissipated over unproductive capital and **labour**. This policy is manifested in limited entry **licencing** and a freeze on processing **licences**.

This study will specifically address government policy to assess the extent to which the existence or expansion of **CBO's** in the fishing industry might conflict with resource management and industrial development.

#### 1.5 THE ROLE OF UNIONS

The major organizational innovation in the fishing industry in recent years has been the United Fish, Food and Allied Workers **Union**. Working conditions, wages and prices have all improved, and the union has considerably enhanced the position of fishermen in the power structure of the industry.

The fishermen's union is a more significant actor in the fishing industry than **CEO'S**, and in a fashion the goals of the union are very similar to those of **CBO's**. Both wish to change the focus of authority over economic decisions, and both wish to improve the position of people who are typically **marginalized** in the production process. However, differences arise in that the union's focus is primarily occupational and it does not attempt to own or operate fish processing assets. One exception to this statement is the Labrador Fishermen's Union Shrimp Company, however, this is a very unique case.

The **CBO's** examined in this study have a community-wide focus and they clearly want to control fish processing activity. They have chosen an alternative to the union in attempting to improve their economic situation, however, this does not translate into a rejection of the union.

This study does not include the union as a unit of analysis, but it is clearly recognized that the union has in many cases created an environment in which community-based action is possible. it is also recognized that there are opportunities for the union and **CBO's** to build strong links with each other in pursuit of common goals.

1.6 REPORT STRUCTURE

This report begins with a description of the research methodology used for this study. This is followed by a description of the organizational models which are examined in the study, and a statistical overview of the community-based sector. In the latter section "crisis hypothesis" of the formation of **CBO's** is assessed. Next, a discussion of the **self-**reported reasons for formation is presented, as well as the reasons why action in the fishing industry was required. . A comparison of these qualitative assessments will then be made with a statistical review of the demographic and economic structure of the CBO communities. A review of government policy is then presented, followed by an assessment of the advantages and disadvantages of the CBO strategy. Financially, an evaluation of the success of **CBO's** will be made , and general conclusions with relevance to public policy will be drawn.

SECTION 1

FOOTNOTES

1. For example, see Newfoundland and Labrador Rural Development Council, Regional Development Associations in Newfoundland and Labrador: A Project Inventory, 1983.
2. LEAD Corporations are created through a program of Employment and Immigration Canada.
3. S. Wismer and D. Pen, "Community-Based Economic Development and Community Self-Reliance\*" in Rethinking Community Development in a Changing Society: Issues, Concepts and Cases, edited by Hubert **Camptens** (Ontario 1982), pp. 69-70.
4. For **exmple**, see Government of Nfld. and Labrador, White Paper on Strategies and Proqams for Fisheries Development to 1985 (St. John's, 1978); and "The Position of the Government of Nfld. and Labrador on the Harvesting of the 2J+3KL Cod Stocks", Presented at the Govt.-Industry Seminar on Northern Cod, August 28-30, 1979, Corner Brook.
5. Statistics derived from Govt. of Nfld. and Labrador, Historical Statistics of Nfld. and Labrador, Vol. 11 (IV) (St. John's, 1985); Statistics Canada 31-203; and the Department of Fisheries, "List of Fish Processors\*\*.
6. Statistics Canada, 72-002 and 32-216.
7. M.Kirby, Navigating Troubled Waters, Task Force on Atlantic Fisheries, (Ottawa, 1983).
8. **E.T.** Jackson, Community Economic Self-Help and Small-Scale Fisheries (Ottawa, 1984).

## METHODOLOGY

## 2.0 INTRODUCTION

The research for this study was carried out by several staff members of the Research and Analysis Division. Throughout this study the researchers worked very closely with representatives of the Royal Commission on Employment and Unemployment. A committee was established to meet at arranged intervals to discuss the material being compiled and to monitor the progress of the research. The committee consisted of researchers from the Research and Analysis Division, the Royal Commission and the Department of Development. The Provincial Department of Fisheries was also invited to send a representative.

### 2.1 CASE STUDIES

The first step in the research for this study was to prepare a list of the community-based organizations involved in the fish processing industry in Newfoundland and Labrador (See Appendix A, page 129 for the complete list). This list was compiled through a search through departmental files. Particularly helpful was the Newfoundland and Labrador Rural Development Council's Project Inventory (1983) which lists all the projects undertaken by development associations over the previous ten years. This file search was supplemented by conversations with staff from the Regional Development and Co-operative Divisions of the Department of Rural, Agricultural and Northern Development, the Field Services Division of the Department of Fisheries, the Employment Development Branch of Employment and Immigration Canada and the United Fish, Food and Allied Workers Union. Finally to ensure that all avenues had been explored, development associations throughout the province were contacted individually to determine if there was an involvement that had not yet come to our attention.

It is entirely possible that there are other examples of CBO activity in the fish processing sector not included on the list of cases



prepared for this study. However, it can be confidently stated that the list provided in Appendix A is the most comprehensive one available and provides an excellent **overview** of **CBO** representation **in** fish processing.

With a list of potential contact organizations in place, the next step was to decide how best to approach these organizations and gather the information needed. It was decided that personal interviews would be the most appropriate approach. This method was chosen for several reasons. First of all, the personal approach tends to encourage respondents to talk openly. This was thought to be particularly important in discussing reactions to government policies and programmed. Secondly, the information being sought is specific to each case study. The personal interview gives the researcher the time and contact to be able to explore the unique experiences of the organization. Thirdly, it was felt that the direct interview process would show respondents that they truly had an input into the content of the **final** report. For similar reasons it was decided to use the loosely structured interview format in which the researcher could probe beyond the answers given to specific rigid questions and to get a feel for the organization's history and involvement in fish processing.

A question sheet was prepared to guide the informal, loosely **struc-** tured interviews. The questions were designed to probe the specific circumstances surrounding the start-up of the organization and its involvement in fish processing. The reaction to government fisheries and development policies and the relationship with the pertinent government departments were areas that received a great deal of attention during these sessions. In addition, specific factual information on the plant's operation was sought.

Each **CBO** was contacted, and the **goals** of the study and our needs were **outlined**. **it** was requested **that respondents** be **chosen** for **their** knowledge **of** the organization **and its involvement** in **the** fish processing

sector. The respondents, in general, were very helpful and informative. In certain cases, their knowledge was lacking on specific aspects of plant operation such as the amount of fish processed, the amounts and types of funding acquired and so forth. These gaps in information could be supplemented from other sources, so this was not an insurmountable problem. Several sources, including people having different perspectives on the situation (i.e. CBO representatives, government field workers, plant managers, etc.) were sought when possible to ensure that the total picture was being viewed.

The vast majority of these interviews were conducted in person. However, in a few cases this was not possible, when near the end of the study, time and manpower were in short supply. These remaining interviews were conducted over the telephone and no major problems were experienced. It was not possible to conduct two interviews, with representatives from the Wild Cove Fishermen's Committee and the Red **Harbour** Fishermen's Committee. These case studies were not identified until the report was **being** written. After several attempts to make contact, it was decided that it was too late to carry out extensive interviews.

## 2.2 GOVERNMENT POLICY AGENCIES

Information on public policy was gathered through interviews with 20 government officials from the following departments. The number of interviews are indicated:

- **Fisheries** (Newfoundland) - 4
- **Fisheries and Oceans** (Canada) - 4
- **Rural, Agricultural and Northern Development** (Newfoundland) - 4
- **Development** (Newfoundland) - 1
- **Regional Industrial Expansion** (Canada) - 4
- **Canada Employment and Immigration Commission** (Canada) - 3.

These officials were selected based on their proximity to programmed and policies that apply to **CBO's**. Once again, personal interviews were conducted using an open-ended question guide which formed a basis for discussion. The policy questions (see Appendix B) centered around the existence of policies that affected **CBO's**, the extent of conflict with **CBO's** experienced with these policies, and the role which the Department felt that **CBO's** should play in the fish processing sector.

In only one **instance** did a Department have a formal written document to offer **which** enunciated **the policy towards CBO's** in fish processing. The remaining Departments constructed a description of their **policies** based on criteria from specific programmed or operating conventions which had gained **acceptance** over **time**.

The policy statements were compared with the **CBO's** perceptions of government policy, as gathered during the interviews. Further comparisons were made between the description of government financial and technical assistance programmed accessible by the **CBO's** and the extent to which **CBO's** reported using these programmed.

### 2.3 SECONDARY RESEARCH

To complement the personal interviews a comprehensive literature\* review was undertaken by the researchers. The review covered material already prepared on the case studies themselves. Other information gathered looked at the involvement of **CBO's** in the fishery in general. Background was also prepared on the fishing industry in Newfoundland with specific emphasis being placed on fisheries policy both at the federal and provincial level. There was not a great deal of material on **CBO's** being involved in the fishery and very limited documentation of cases in Newfoundland. However, community-based organizations are an **international** phenomenon on which extensive writing has been completed. The transference of these cases to the Newfoundland experience was difficult at best in many instances, but they did provide insight into the common features of CBO experience.

The collection of secondary source statistics formed the basis for fisheries related profiles of **CBO's**, **socio-economic** profiles of their host community, and comparison profiles of a sample of Newfoundland communities. CBO Study communities were defined as those having the fish processing facility within their boundaries. Although the impacts of the facility's operation could not be so rigidly contained, this study restricted itself to these communities for several reasons.

1. The host community was undoubtedly directly impacted by the plant's operation.
2. It was difficult to isolate the effects of the plant on other communities with various other influences acting upon them.
3. It was difficult to know when to stop in preparing the list of study communities. Including all communities which were potentially impacted, would make the data questionable and unnecessarily cumbersome.

There are two aspects of the study communities which must be noted. First of all, in the case of the proposed Uppter Trinity South Co-operative, there were a group of fishermen in Norman's Cove who were instrumental in trying to establish the Co-operative. Their involvement was such that it is given equal weight to that of the plant workers in South **Dildo**, the location of the plant. Secondly, the study sample for the population statistics includes more communities than the sample for the fisheries statistics. This **is** because there are a small number of cases where the CBO involvement in plant operations **is** limited to a mediation role and so **the statistics** on the **relevant** plants are not reflective of CBO activity.

The second set of communities was composed of a sample randomly chosen from the census and then screened by population size (see Appendix D, page 139 for a more detailed description of the sampling process).

Within the two sets a **socio-economic** profile was prepared for each individual community. Each profile included data on population size, population breakdown by sex and age, educational **status**, migration and **labour** force characteristics. Then the figures in each category were combined into one figure representing the study communities and one figure representing the sample communities. These figures were then compared to assess the similarities and /or differences between the two sets and whether or not any differences might explain why these communities were motivated to undertake community-based economic action.

Fisheries related statistics were collected for the plants and pertinent study communities. These statistics were gleaned from the files of the Federal and Provincial Departments of Fisheries and from the representatives of the community-based organizations.

Government agencies providing financial and technical assistance to **CBO's** for fish processing were contacted to determine the amounts of funding accessed and the specific ways in which the money was used. The types of programs accessed is particularly interesting in light of the programs available. The focus was on the extent to which **CBO's** are aware of the funding programs which they are eligible to access and whether or not they do apply for funding through the programmed.

#### 2.4 INFORMATION PROBLEMS

Inevitably there are problems with compiling large amounts of information from several sources. This research was no exception. Some of the major problems resulted from the years from which the information was needed. For many organizations formalized record keeping is a recent phenomenon. Earlier activities and experiences must be pieced together from files and personal recollections, both of which may give slightly blurred accounts. **In** several instances the lack of early records meant that information and discussion had to be restricted to recent years.

For **example**, although many **CBO's** said that they **recieved** funding from various sources as early as the 1960's, some major funding sources could only provide data for the 1980's.

The high turnover of participants in **CBO's** was another major problem. Often the people who started the organization or helped to initiate the **CBO's** involvement in fish processing are no longer with the organization. Once again, this meant that many sources had to be consulted to get an understanding of the situation. Conflicts in reports were not as big a problem as were the gaps in information which had to be closed in piece by piece.

Census data is a very useful tool, but it has limitations. Unincorporated communities are very difficult to profile accurately. The information collected for incorporated communities **is** not always available for unincorporated communities. Furthermore, the unincorporated communities may change boundaries from census year to census year, being first aggregated with one or more communities and later aggregated with others. Incorporated communities may also be aggregated with other communities when they share a municipal council. This makes it impossible to prepare profiles of individual communities separated from the others. The limitations on the data presented in this report are noted where the particular portions of information are presented and discussed.

These problems **mean that there are some gaps** in the information presented in this **report**. These are noted and allowed for in the analysis. For the most part, the **problems have** not been overwhelming. Where gaps existed in one source, another source was consulted to close the gaps in.

The only major area of missing data concerns the financial status of plant operations. Many **CBO's** do not actually operate plants, rather they lease them out to private operators. Therefore, they are not in a

position to know the profit or loss status or the balance sheet health of the fish processing operations. Unfortunately, "this situation **limites** the ability of this study to **state** with certainty that CBO involvement in the fish processing sector is a success or failure from a conventional business point of view. The best financial information comes from the three active co-operatives, but these cases cannot speak to the broad range of CBO activity. Consequently, the evaluation of financial status is impressionistic, and success or failure is judged on community defined criteria.

## 2.5 CONCLUSION

A great deal of first hand data collection and secondary literature reviews have been carried out for this study. Several researchers have co-ordinated their efforts to complete the investigation required. In general, the people consulted at both the CBO and government levels have been most helpful and informative. As with all data collection, problems occur and as far as possible these have been overcome. Where not possible, the problems are not serious enough to interfere with a balanced analysis.

LITERATURE REVIEW



### 3.0 INTRODUCTION

The literature on community-based organizations presents **community-** based activity as an alternate development strategy to the traditional economic process ongoing in Canada. Writers recommend that **CBO** activity can be a successful response to economic hardships in this period of recession. They also emphasize that community-based development is a difficult process requiring tremendous volunteer effort, internal commitment and in most cases, external assistance.

### 3.1 DEFINING CBO'S

Community-based organizations can take on a myriad of forms. **Wismer** and **Pell**,<sup>1</sup> community consultants, offer examples of what they term as community economic development being carried out by organizations such as community co-operatives and community development corporations. Jackson,<sup>2</sup> writing on community self-help in the fishery, adds worker co-operatives and employee owned firms to the list. Lotz<sup>3</sup> identifies LEDA Corporations (Local Economic Development Assistance Corporations) and regional development councils as other forms of community oriented development organizations. Although these organizations may be very structurally different, they operate according to several shared goals and principles. These are outlined in detail in the introductory section, but basically they are all democratically run organizations which are focused on development at the community level. Community goals are more important than profit margins. Development tends to be integrated, encompassing social and cultural goals into the economic activity. However, as **Wismer** and **Pell**<sup>4</sup> point out, this type of community-based activity varies from the stereotype in that economic goals are an essential ingredient. Businesses are run as businesses to the extent that the operation must be maintained. They differ from private businesses because they operate not predominantly for **profit-** making.

3.2 TYPES OF COMMUNITIES IN WHICH CBO'S ARE FORMED

There is no one type of community in which CBO's can be predicted to form. However, there are shared experiences. Jackson<sup>5</sup> outlines several characteristics which are common to small fishing communities throughout the world.

Most small fishing communities are characterized by the following **socio-economic** conditions: remote locations, poor communication, low-income levels, vulnerability to environmental disasters, low housing standards, inadequate public utilities and health services and insufficient opportunities for training and education.

Jackson writes that these characteristics are evident in Atlantic fishing communities north of the 50th parallel. He writes that community-based economic activity is a viable development strategy in these types of communities.

Generally, CBO activity is recognized as a viable alternative in communities with poor economic choices and limited employment potential. Wisner and Pell<sup>6</sup> write that in communities where high unemployment and low incomes are a day-to-day reality, CBO initiated development is a desirable development strategy, particularly in light of the inability of traditional economic strategies to meet local needs. This concept of a gradual awareness of economic hardships and the unified desire to overcome these difficulties is in contrast to the normally held belief that a community takes control of its own economic development when faced with a major crisis that must be dealt with immediately in order to preserve the community. That is not to say that the literature has not recorded incidence of community-based activity erupting in direct response to a **specific** event.<sup>7</sup> However, the literature reviewed generally identifies on-going economic difficulties as the accumulated motivating force behind organized community economic activity.

### 3.3 ROLES OF LEADERS AND VOLUNTEERS

Throughout the literature the importance **of** a small core group, even a single person to create an awareness among the people and mobilize them as one unit, is emphasized. Blonde and Nares write, "...we would suggest that the achievement of social development goals is directly related to the ability to involve citizens in a community development process aimed at meeting human **needs**".<sup>8</sup> This is equally true for economic activity which is aimed at citizen participation in community development. The Basic goals are the same. The leaders are given a major responsibility and from them much **is** expected. The demands on volunteers are great. Wismer and Pell<sup>9</sup> estimate that it takes approximately five years to get a community economic development project stabilized. **In** this time the volunteers must juggle economic, social and cultural goals, acquire management and business skills, remain enthusiastic and committed, all with little recognizable returns.

### 304 WHY COMMUNITY-BASED ORGANIZATIONS FAIL

Blonde and Nares write that government policy opposes community development, however, inadvertently, simply because it was not developed with community **level** participation. Government programmed are imposed upon communities. Therefore, it follows that **CBO's** which try to return control back to the community would be in opposition to this process. Carter<sup>10</sup> re-emphasizes this feeling in regard to the Newfoundland industry.

Wismer and Pell<sup>11</sup> write that "Overwhelmingly, problems arise from management difficulties and a **lack** of financial resources.'" The dependence upon volunteers having limited knowledge and skills as managers, particularly in a **CBO** project where social, cultural and business factors must be accommodated, makes management positions ones which must be learned on the spot, creating a seemingly endless array of slowdowns and impediments to success.

Jackson<sup>12</sup> reiterates Wismer and Pen's contention that the lack of adequate financing is a major, if not the major impediment to success. Unable to generate sufficient capital internally, CBO's must turn to government and other funding agencies. CBO's often describe themselves as the third sector of economic activity - neither private nor public.<sup>13</sup> This uncertainty concerning their status makes CBO's unattractive, if not ineligible for many funding agencies. Being businesses they are expected to compete with private operators. However, their community origins and focus makes this impractical, if not impossible. On the other hand, CBO's may be viewed solely as social action groups and, therefore, may be regarded as lacking the skills to be able to carry out such an enterprise. This may be true for individual community-based organizations just as it may be true for individual businesses. However, these conceptions cannot be arbitrarily applied to all CBO activity.

### 3.5 WHAT IS NEEDED TO MAKE CBO'S SUCCESSFUL

Jackson<sup>14</sup> writes that developmental finance is essential to the success of CBO activity. He proposes that a development corporation, as suggested in the Kirby<sup>15</sup> report, be established to look after the needs of the Atlantic Fishery north of the 50th parallel. He recommends in part that the development corporation should be a financial institution, which could promote community-based activity by providing loans, loan guarantees, subsidies, direct investment and grants to community-based organizations. Jackson insists that the Corporation should not be the sole supplier of capital.

Wismer and Pen suggest other smaller-scale methods of generating capital such as using wage earner funds or pension funds as investment capital.<sup>16</sup>

The literature agrees that lack of financial assistance is one of the most difficult obstacles facing **CBO's** today. It further agrees that there are ways around this obstacle, partially **by** generating capital at **community** level, including non-monetary investments of sweat equity, for example, and partially through external assistance from government and other financial institutions.

Jackson quotes two other elements necessary for the success of **CBO's** in the fish processing sector. Technical assistance in managing the processing facility is the first element. This assistance can come **in** many forms including training in marketing, the compilation of business plans, and organization development.<sup>17</sup> Finally, Jackson feels that the local populace must be developed through education and organization to be able to handle their own development. In other words, the local people must be assisted in establishing their capabilities to control their own development.

### 3.6 CONCLUSION

The literature indicates that CBO activity is a viable development strategy for many communities. The internal resources must be there in terms of commitment and **labour** force. However, government agencies outside of the community must help by providing **financial** and technical assistance necessary to bring local people to a level of **self-sufficiency**.

SECTION 3

FOOTNOTES

1. Wismer and Pen, *"Community Based"*, p. 68.
2. Jackson, p. 2.
3. Lotz, "Community Enterprises" in Policy Options, edited by Tom Kent (March/April 1984), p. 40.
4. **Wismer** and Pen, **"Community Based"**, p. 68-73.
- 5\* Jackson, p. 2.
6. **Wismer** and Pen, *"Community Based"*, p. 72.
7. For example, R. Anderson, "Corporate Expedience, **Labour** Force and Government Orchestration in Modern Newfoundland Fishermen", a paper presented at the Nordisk Forskerseminar, (Denmark, 1983) and R. Carter, The Fogo Island Co-operative: An Alternative Development Strategy? **M.A.** Thesis (St. John's, 1984).
8. D. Blonde and P. **Nares**, *"The Adult Residential Facilities TAsk Force. A **Community** Development Strategy in Influencing Provincial Social Policy"* in Rethinking Community Development, (Lake **Couchiking** 1982), p. 181.
9. **Wismer** and Pen, "Community Based", p. 73.
10. R. Carter, Something's Fishy: Public Policy and Private Corporations in the Newfoundland Fishery, (St. John's), p. 27.
11. **Wismer** and Pen, *"Community Based"*, pp. 73-75.
12. Jackson, p. 32.
13. **Wismer** and Pen, *"Community Based"*, p. 74, quoting G. McLeod "Community Development Corporations: Theory and Practice", (unpublished), June 1978.
14. **Jackson**, pp. 34-36.
15. Kirby, p. 253.
16. **Wismer** and Pen, **"Community Based"**, pp. 76-79.
17. Jackson, pp. 39-40.

BACKGROUND ON  
COMMUNITY BASED ORGANIZATIONS

400 INTRODUCTION

Twenty-seven cases of community-based organizations actually involved in the fish processing industry have been identified for this Study . This section focuses on why and how these organizations came into being. Questions such as these were asked: What were the **socio-economic** circumstances existing at the time when the **CBO** was formed? What factors motivated the local people to organize? **CBO's** are by definition **community** oriented groups. They respond to specific localized needs and concerns. Therefore, the context in which **CBO's** develop and operate should be important in determining CBO activity. (See also Section 7.) As well, the success or failure of **CBO's** should be looked at in terms of the local circumstances and the original goals of the **CBO's**. (See section 10, pages 122-27.)

4.1 TYPES OF ORGANIZATIONS

The twenty-seven case studies are divided into five separate categories: development associations, co-operatives, fishermen's committees, community action groups and union-owned. Before discussing how these organizations interact and overlap, a general outline of the organizational structure and objectives of each will be presented.

Development **associations are regionally based, voluntary, non-profit** corporations which **undertake community development activity in** 54 regions of rural Newfoundland. Members of the associations are drawn from the communities within **specified regional boundaries**. Community committees are elected at public meetings, and from these committees the directors of the regional **associations are selected.**<sup>1</sup> Due to their non-profit and voluntary nature, development associations have usually sponsored projects of short duration rather than on-going commercial ventures. In the small **number of commercial ventures that have been started**, most have had the intention of conversion to private sector ownership. However,



there is a growing number of on-going operations that are remaining under the control of the associations. Development associations rely on government agencies for most of their development capital, which often means that the priorities of associations are constrained by the programme criteria of granting agencies.

Co-operatives are businesses which are organized by groups of people who wish to provide themselves with a service. In relation to this study, groups of fishermen have made joint investments to set up fish buying and processing businesses. These co-operatives provide a marketing service for the fishermen, and have further objectives of creating onshore employment and community viability. Membership in a co-operative is based on the purchase of a share, and each member has an equal voice in the running of the co-operative no matter how many shares a member may own. The Board of Directors is elected by and from the membership, and in turn hires management and staff to carry out day to day operations. Profits of the co-operative are redistributed to members based on a formula which measures the **level** of activity (i.e. fish landed) that each member has with the co-operative. There are many variations on the basic co-operative model, but they all adhere to this general description.

Fishermen's committees are formed to represent the interests of fishermen in a community. Some fishermen's committees are incorporated and have a high level of activity, credibility and permanence. Many others are loosely structured units that become active around a specific issue, for example, to sponsor a project for constructing a wharf. many fishermen's committees **also** feed directly into the **U.F.F.A.W.** union as a form of grassroots network. The committees examined in this study have extended their activity to determining the nature of the processing sector in their communities.

Community action groups are temporary coalitions of community leaders and concerned citizens who form around a major issue to promote the interests of the local area. These groups usually have no legal status, and tend to fade away when the major issue declines in importance.

The "union-owned" category refers to the Labrador Fishermen's Union Shrimp Company which was originally organized by the fishermen's union as a co-operative on the south coast of Labrador. Although it now operates as a limited liability company, it is an interesting example of community-based activity because it draws many of its directors from area fishermen, and draws organizational and financial backing from the union, which in a sense is a community of fishermen. The Shrimp Company model has not been replicated elsewhere in the province. The breakdown of the numbers of case studies in each category is provided in Table 4.1

TABLE 4.1

NUMBER OF EACH TYPE OF ORGANIZATION

| <u>Organization</u>      | <u>Number</u> | <u>%</u>   |
|--------------------------|---------------|------------|
| Development Associations | 12            | 44         |
| Co-operatives            | 7*            | 26         |
| Fishermen's Committees   | 5             | 19         |
| Community Action Groups  | 2             | 7          |
| Union Owned              | 1             | 4          |
| <u>TOTAL</u>             | <u>27</u>     | <u>100</u> |

\*Two of the cases in this category, Upper Trinity South and Fortune Bay, were actually attempts to establish co-ops. These co-ops are not operating.

As can be seen in the above table, the greatest single **representa-**tion is by development associations. The separation of organizations is not always as clear as it would appear from the table. Very often the groups in an area will overlap in membership and executives. There are also numerous examples of the groups working together in the fish processing industry. An example of this shared participation exists in the community of Riverhead, St. Mary's Bay. The fishermen's committee in Riverhead owns the processing facility located in that community. In 1985 the fishermen's committee was successful in leasing out the facility to a private operator. The operator required an extension to be constructed onto the facility. Being better able to access funding than the fishermen's committee, the St. Mary's Bay Center Development Association, on behalf of the fishermen, applied for and received funding to complete the extension. The committee pays a fee to the Association for use of the additional space. In reality then, both representative organizations are involved in leasing the facility out to a private operator and keeping the plant operational. This particular example is placed under the category of development associations because the St. Mary's Bay Center Development Association was quite active in 1985 in getting the extension built and the operation in place. However, it would be just as accurate to place it in the category of fishermen's committees.

The above example showed that the development association became involved mainly because it had access to funding which the fishermen's committee did not. This is true in several of the cases. Development associations are set up as development agencies and are recognized as such by government and other funding agencies. They have greater access to funding programmed because they are generally better able to meet the eligibility requirements. Development associations often act as the **co-ordinating** agency for community and regional development in rural areas, working with and for other local groups.

From a slightly different perspective, the Cape Shore Development Association is compelled to work through the fishermen's committee at Branch because the provincial Department of Fisheries will not license the facility if owned by the development association but will license it if owned by the fishermen's committee (see page 87 for an explanation of this **policy**). These two groups are bound together as a result of government policy. The development association, instead of being the central development agency, must take a lesser role and work through the fishermen's committee to ensure that its goal for reopening the **Brnach** fish plant is realized.

These examples show that community-based organizations are not always separate, independent groups. Very often they work with other groups within the region. Repeatedly throughout the interviews, **it was** mentioned that the Boards **often** overlapped between development **associations** and **fishermen's** committees and co-operatives. **This is** understandable when dealing with **small populations and limited** development choices. Development goals and concerns **will** overlap and the pool of potential leaders and organizers will be small.

#### 4.2 FORMATION/INCORPORATION OF ORGANIZATIONS

**It is** extremely difficult to assess the average period of time in which these community-based organizations **have** been in operation. Using the date of incorporation one can establish a fixed date of formalization for most of these organizations. For the remainder, the formation date of each has to be affixed to a certain period which is as accurate as the available information can make it. **By** using the incorporation or formation dates of the twenty-three case studies for which this is applicable (two attempted **co-ops** were never incorporated and for two cases the formation dates are not available), the average duration of operation is 6.3 years.

This figure, however, is not an accurate representation of how long these **CBO's** have been working within their areas. Incorporation and formation dates tell very little about the origins of the majority of these organizations. Many were operating as community groups long before their incorporation dates. The Port au Port Economic Development **Association** is an excellent example to highlight this statement. The Association's incorporation date **is given** as 1979. The Association had previously thought that it was incorporated in 1972. Through some mix-up the papers were not processed and the legal incorporation did not take place until 1979. The Association traces its beginnings back to 1964-75. (There is believed to have been activity earlier than this date, but it has not been confirmed.) Therefore, the record of activity of the association is six years, as judged from its incorporation date, but in fact, should be twenty years beginning in the mid-1960's.

Other organizations have their roots in fishermen's committees and other community-based organizations. Through the years members may branch out to form other organizations to represent a broader population and to deal with development issues beyond the fishery. Other organizations, such as the **Barchois** Development Association, changed to be better able to avail of funding being offered.

#### 403 REASONS FOR FORMATION

The respondents cited several reasons why their organizations were originally formed. A breakdown **of** their responses into the major categories is provided in the table below. Table 4.2 also includes those co-operatives which did not become incorporated because they provide additional insight into the motivating forces which formed these organizations.

TABLE 4.2

REASONS WHY CBO'S WERE FORMED

| <u>REASON</u>  | <u>NUMBER</u> | <u>%</u>    |
|--|---------------|-------------|
| Fisheries Related-Meeting the Needs<br>of Local Fishermen (non-crisis) | 9)<br>) 11    | 32)<br>) 39 |
| Grew out of Fishermen's Committees                                     | 2)            | 7)          |
| High Unemployment  | 4             | 18          |
| Specific, One-Time Local Crisis*                                       | 6             | 21          |
| Grew out of Organization Other<br>than Fishermen's Committee           | 3             | 11          |
| <u>Other</u>   | 3             | 11          |
| <u>TOTAL</u>   | <u>27</u>     |             |

\*Crisis is defined here as a specific one-time occurrence having broad negative economic impacts on the community. The distinction is made between this type of crisis and one which is ongoing throughout an extended period of time, such as a crisis in the inshore fishery or an every present unemployment situation.

This table shows that the single most cited reason as to why the CBO's were formed is in response to a need in the local fishery that was not being met. Many of these organizations were formed by and for the local fishermen. Thirty-nine percent of the responses stated that the organization was formed by the fishermen or to assist the fishermen. Of those organizations which formed in response to a local crisis, in three of the six cases involved, the local crisis was the close out of the fish plant. Therefore, including these responses, fifty percent of the responses give local fisheries' needs as the reason why the CBO's were formed.

Community-based organizations as development agencies are often established in marginal communities.<sup>1</sup> The type of development generally implemented by CBO's is small-scale, locally oriented and sensitive to the needs and concerns of local people. It is understandable

then" that marginal communities with few resource options would be supportive of such organizations. In Table 4.2 it was shown that **communities** tend to form **CBO's in response to** on-going problems much more often than in response to a specific **one-time crisis.**<sup>2</sup> **The accumulated** strains of high unemployment and dwindling opportunities are strong forces **in** increasing **awareness and uniting the** Community or region. Increased awareness of a common problem may be the impetus for the formation of community representative organizations.<sup>3</sup>

It is extremely difficult to isolate **all** the factors which are responsible for the formation of **CBO's**. The unique contextual circumstances come together to **motivate the people** to respond **in** a collective fashion. Within the local context there must be sound leadership to initiate the ideas and the "coming together" of the local people. The importance of good local **leaders** in getting the organization from the planning stage to the operational stage was noted time and **time** again throughout the interview process. The difficulties which are experienced when these essential ingredients are not present are many and will be discussed in section 9. There must also be available resources upon which to base the development plans. Further to this there must be a variety of skills which are important to the success of any development venture.<sup>4</sup> All of these ingredients are vitally important to the success of any CBO.

#### 4.4 CONCLUSION

The community-based organizations being dealt with in this study are not groups which work in isolation of other development groups in their area. For the most part the various groups either overlap or work together to bring about change locally. The majority of organizations formed in response to on-going needs in their areas, predominantly fisheries related. The community-based organizations formed out of other organizations or out of non-formalized activity in their communities. Local leadership is a major factor initiating the formalization of development activity.

1. **Wismer** and Pen, "\*Community-Based", p. 71.
2. Op. Cited.
3. Ibid, p. 72.
4. Ibid, p. 73-74.



BACKGROUND ON ORGANIZATION'S  
INVOLVEMENT IN THE FISHERY

5.0 PERIOD OF CBO INVOLVEMENT IN FISH PROCESSING

As was noted in the previous section, the majority of **CBO's** were formed in response to concerns and needs in the **local** fishing industry. For many of the **CBO's** there is no separation between their existence and their involvement in the fishery. Using the year that construction on the facility began as the base year, when applicable, and using the year when formalized participation in the fish processing sector began, when construction **is** not an appropriate indicator, the average period of involvement in the processing industry by the **CBO's** being studied is 5.2 years. Once again this **is** not an extremely useful figure because, for several organizations, the involvement existed long before construction took place.

For example, the Port au Port Economic Development Association spent approximately four years trying to obtain funding and permission to construct an extension to the provincially owned fish plant at Piccadilly. A similar period **of** time was invested by the Cape Shore Development Association in lobbying to lease the facility at Branch from the provincial Department of Fisheries. For other organizations the involvement began in an advisory or financial assistance role before the organization became directly involved.

A case can be made that CBO activity in the fish processing sector picked up momentum in the expansionary period of the late 1970's, and has continued to the present year. Table 5.1 shows the number of **CBO's** which started their involvement in the fish processing sector in each year between 1962 and 1985. This data shows that of **CBO's** active today, only two were started in the 1960's, only three between 1970 and 1977, and then seven more formed before the end of the decade. In the early 1980's the rapid expansion continued **with seven more CBO's** forming between 1981 and 1983. In 1985, a **further seven groups formed, but most of these were** concentrated in the "indirect" activity categories. Evidently many **CBO's** took part **in** the boom fishing **industry** of **the late** 1970's as a way of

bringing employment and income to their communities, and many CBO's also saw a role for themselves in the contractionary 1980's in order to stabilize local economies and retain the level of employment which had been gained.

TABLE 5.1

NUMBER OF CBO'S BY YEAR IN WHICH CBO  
STARTED ACTIVITY IN FISH PROCESSING SECTOR

|                |   |
|----------------|---|
| 1962 (Approx.) | 1 |
| 1969           | 1 |
| 1971           | 1 |
| 1975           | 1 |
| 1977           | 1 |
| 1978           | 5 |
| 1979           | 2 |
| 1981           | 2 |
| 1982           | 3 |
| 1983           | 2 |
| 1985           | 7 |

5.1 REASONS FOR INVOLVEMENT IN THE FISH PROCESSING SECTOR

There are various reasons why CBO's enter into the fish processing industry. It has a great deal to do with the unique circumstances in which the community is located. Table 5.2 highlights this statement.

In this table, just over half of the respondents (51%) indicate that the CBO's became involved in the fish processing industry in response to inadequacies in the local industry. Local fishermen were not reaping the potential benefits from the sale of their catch. This is true in the

TABLE 5.2

REASONS FOR INVOLVEMENT IN FISH PROCESSING

| <u>Reason</u>                                   | <u>Number</u> | <u>z</u> |
|---|---------------|----------|
| Lack of Local Buyer                             | 3             | 9        |
| Dissatisfaction with Local Buyer                | 6             | 18       |
| Assist Fishermen's Committee                    | 8             | 24       |
| In Response to Shut Down of<br>Local Fish Plant | 4             | 12       |
| To Create/Enhance Local<br>Employment           | 9             | 27       |
| Other   | 3             | 9        |
| <hr/>   |               |          |
| TOTAL   | 33            | 99       |

case of the fishermen of Fortune who were dissatisfied with the local buyers. Private operators at the local plant had historically been **intermittent in their operations. The current operator, F.P.I., operated** from 9 - 5 p.m., which are not **fishermen's** hours. **Consequently fishermen** were having trouble selling their catch. After the attempt to set up a **co-op** in 1985, **F.P.I.** changed its hours to better accommodate the fishermen.

In Riverhead, the fishermen complained of having to dump cod which was not saleable during the **caplin** harvest. The plants could not handle the additional product. To provide a source to purchase their catch the **Riverhead** Fishermen's Committee sought an operator for the plant they owned which had been empty for four **years** following the voluntary liquidation of the previous operation.

It is evident from these examples that the **CBO's** sought to control their futures by controlling a processing facility. From the point of view of these communities the lack of a fish plant, or the existence of an unstable buyer, often means that quantities of fish will go unsold, or the fishing season will end unnecessarily early. **CBO's** have recognized that in order to ensure the maximum return on their fishing activity, they must have at least input into the operating of the facility. This is supported by the nearly one third of the responses which stated that the objective of becoming involved in processing was to create or enhance local employment. When fish is shipped out the employment and **income** created throughout the processing stage benefits another community. This would obviously be unpopular in areas which experience high unemployment. This dilemma is at the root of the public policy problem concerning plant overcapacity in the processing sector.

The communities being studied here are fisheries based. It is understandable that they seek solutions to their employment problems within the fishery. They have recognized that processing often determines the amount of local fish purchased and is itself a great source of employment and income. These communities have sought to control, or minimally, to have input into how this industry is **run.1** The local economic environment is apparently the initiator of **CBO** involvement in the fishery. This is understandable in light of the nature of **CBO's** as outlined in the introductory sections.

## 5.2 TYPE OF INVOLVEMENT

The level of involvement in fish processing by **CBO's** varies. There **are several stages of involvement, ranging** from **owning and operating fish** processing facilities all the way down to fulfilling a mediation role between government and private operators. A breakdown of the involvement is displayed in Table 5.3.

TABLE 5.3

COMMUNITY BASED ORGANIZATION BY TYPE OF INVOLVEMENT IN FISH PROCESSING SECTOR, AND NUMBER OF PROCESSING FACILITIES

| <u>Type of Involvement</u>                              | <u>Number</u> |               | <u>% of Total</u> |               |
|---|---------------|---------------|-------------------|---------------|
|   | <u>CBO's</u>  | <u>Plants</u> | <u>CBO'S</u>      | <u>Plants</u> |
| Owens and Operates Processing Plant                     | 2             | 3             | 7                 | 8             |
| Owens but Leases to a Private Company                   | 9             | 9             | 32                | 25            |
| Operates but Leases a Provincial Government Owned Plant | 4             | 10            | 14                | 28            |
| Owens a Plant with no <b>Licence</b>                    | 3             | 3             | 11                | 8             |
| Owens and Leases a Buying Station                       | 1             | 2             | 4                 | 6             |
| <br>Sub - Total   | <br>19        | <br>27        | <br>68            | <br>75        |
| Mediation Role  | 3             | 3             | 11                | 8             |
| Takeover Attempt  | 4             | 4             | 14                | 11            |
| Proposed Establishment                                  | 2             | 2             | 7                 | 6             |
| <br>TOTAL   | <br>28*       | <br>36        | <br>100           | <br>100       |

\***Fogois** represented twice in this table because it both owns and operates processing plants and operates government leased facilities.

In this table those **CBO's** which actually own **and/or** operate **processing** facilities have **been** grouped together to distinguish them from those **CBO'S** with less **direct participation**. It is shown in this table that of the case studies identified, approximately two-thirds of the total representation of **CBO's** own or **operate** fish plants.

Table 5.4 displays this information for each CBO. For example, the Fogo Island Co-operative is involved with five plants; two which they "own and operate\*\* and three which they "operate but lease from the provincial **government**".<sup>1</sup> These two categories represent the greatest extent of involvement that a **CBO** can have with a processing facility. The other groups that fall into these categories are the Labrador Fishermen's Union Shrimp Company, the **Torngat** Fish Producer's Co-operative, and the Petty Harbour Fishermen's Co-operative. A total of 13 plants fall into these two categories.

The next category of direct involvement concerns **CBO's** that own fish plants but lease them to private operators. In these cases the **CBO's** have determined that they wish to create fish processing jobs in their communities or regions, but they would prefer to lease the buildings to existing processors because the **CBO's** may not have the expertise or the capital to operate these businesses. Funds to construct these plants often come from government job creation programmes such as Canada Works, and **CBO's** sometimes offer attractive leasing rates for an initial period to induce the private processor to locate in their communities. There are nine plants in this category.

Three **CBO's** have been involved in constructing or upgrading buildings to be used for fish processing, but have been unsuccessful so far in starting up operations themselves or attracting a private processor. Another CBO, the Bay St. George Development Association, has acquired two buildings but has only leased them as buying stations, and not as processing plants.

Beyond these direct types of involvement in the fish processing sector, there are a number of **CBO's** that have been very active in attempting to influence processing activity but have either: (1) shunned a direct operating or owning role, (2) been unsuccessful in accomplishing their objectives, or (3) are still in the formation stages. The first category is characterized as a mediation role where the CBO actively sponsors or

TABLE 5.4

NUMBER OF CBO-RELATED PLANTS, BY TYPE OF CBO INVOLVEMENT IN

| CBO  | FISH PROCESSING SECTOR, 1985         |                                      |   |                              |                                  |           |                |                  |                 |           |
|--|--------------------------------------|--------------------------------------|---|------------------------------|----------------------------------|-----------|----------------|------------------|-----------------|-----------|
|  | Owns and Operates a Processing Plant | Owns but Leases to a private Company | Operates but Leases a Prov. Govt. Owned Plant | Owns a Plant with no Licence | Owns and Leases a Buying Station | Sub-Total | Mediation Role | Takeover Attempt | Proposed Estab. | Total     |
| (1) Barachois D.A.                           |                                      | 1                                    |   |                              |                                  | 1         |                |                  |                 | 1         |
| (2) Bay St. George South D.A.                |                                      |                                      |   |                              | 2                                | 2         |                |                  |                 | 2         |
| (3) Bonne Bay D.A.                           |                                      |                                      |   | 1                            |                                  | 1         |                |                  |                 | 1         |
| (4) Branch Fishermen's Committee             |                                      |                                      | 1**   |                              |                                  | 1         |                |                  |                 | 1         |
| (5) Codroy Valley D.A.                       |                                      | 1                                    |   |                              |                                  | 1         |                |                  |                 | 1         |
| (6) Eastport Peninsula D.A.                  |                                      | 1**                                  |   |                              |                                  | 1         |                |                  |                 | 1         |
| (7) Fermeuae Fisheries Ltd.                  |                                      |                                      |   |                              |                                  | 1         |                |                  |                 | 1         |
| (8) Fishermen's Union Shrimp Co.             |                                      |                                      | 3   |                              |                                  | 0         |                | 1                |                 | 1         |
| (9) Fogo Co-operative                        | 2                                    |                                      | 3   |                              |                                  | 3         |                |                  |                 | 3         |
| (10) Fortune Bay Co-op                       |                                      |                                      |   |                              |                                  | 5         |                |                  |                 | 5         |
| (11) Fortune Bay-North Shore D.A.            |                                      |                                      |   |                              |                                  | 0         |                | 1                |                 | 1         |
| (12) Gambo-Indian Bay D.A.                   |                                      |                                      |   |                              |                                  | 0         |                | 1                |                 | 1         |
| (13) Lower Trinity South D.A.                |                                      | 1                                    |   |                              |                                  | 1         |                |                  |                 | 1         |
| (14) North Shore-Bay of Islands D.A.         |                                      | 1                                    |   |                              |                                  | 0         |                |                  | 1               | 1         |
| (15) Petite Forte Co-op                      |                                      |                                      |   |                              |                                  | 1         |                |                  |                 | 1         |
| (16) Petty Harbour Co-op                     | 1                                    |                                      |   |                              |                                  | 0         |                |                  | 1               | 1         |
| (17) Placentia Area D.A.                     |                                      | 1                                    |   |                              |                                  | 1         |                |                  |                 | 1         |
| (18) Placentia West D.A.                     |                                      |                                      |   |                              |                                  | 1         |                |                  |                 | 1         |
| (19) Port au Port D.A.                       |                                      |                                      |   |                              |                                  | 0         | 1              |                  |                 | 1         |
| (20) Red Bay Co-op                           |                                      |                                      |   |                              |                                  | 0         | 1              |                  |                 | 1         |
| (21) Red Harbour Fishermen's Comm.           |                                      |                                      |   | 1                            |                                  | 1         |                |                  |                 | 1         |
| (22) Riverhead Fishermen's Committee         |                                      | 1                                    |   |                              |                                  | 1         |                |                  |                 | 1         |
| (23) St. Lawrence Action Committee           |                                      |                                      |   |                              |                                  | 0         | 1              |                  |                 | 1         |
| (24) Torngat Co-op                           |                                      |                                      | 3   |                              |                                  | 3         |                |                  |                 | 3         |
| (25) Twillingate-New World Island-Change Is. |                                      | 1*                                   |   |                              |                                  | 1         |                |                  |                 | 1         |
| (26) Upper Trinity South Co-op               |                                      |                                      |   |                              |                                  | 0         |                | 1                |                 | 1         |
| (27) Wild Cove Fishermen's Committee         |                                      | 1                                    |   |                              |                                  | 1         |                |                  |                 | 1         |
| <b>Total</b>                                 | <b>3</b>                             | <b>9</b>                             | <b>10</b>                                     | <b>3</b>                     | <b>2</b>                         | <b>77</b> | <b>3</b>       | <b>4</b>         | <b>2</b>        | <b>36</b> |

● Twillingate D.A. Owned and leased a second plant in Herring Neck, but was sold to the operator in 198

● \*The Branch Fishermen's Committee have Very recently acquired the lease on the provincially owned plant, but it is not decided yet, whether they will operate the plant or sub-lease it to a private operator.

● \*\*The Eastport D.A. owns a small building which forms part of a larger private processing operation in Happy Adventure.



solicits new processors into the local area, and possibly undertakes a job creation project to expand or upgrade an existing private or **govern-**ment plant. This study has identified three **CBO's** in this category. The second group, who have been unsuccessful, are four **CBO's** that organized to take over specific plants but failed due to various factors such as lack of capital and expertise, or government policy constraints. The third category is labelled **"Proposed Establishments"** and consists of a development association which is currently investigating the feasibility of a secondary processing operation, and a co-operative that has experienced problems with federal and provincial policies which limit expansion in the fish processing sector.

These three categories of less direct involvement are the categories where most data omissions are likely to occur. It is much harder to identify non-operating **CBO's** than to identify groups which are very active. Therefore, these **CBO's** should be regarded as examples of their categories, rather than complete listings.

Altogether there are 27 **CBO's** deemed to be active in the fish processing sector in late 1985. These **CBO's** had an ownership or operating position in 27 plants, and a less direct role in nine others.

The number of other community groups that may have owned or operated a plant prior to 1985, but exited from the industry before this study began, was not a subject investigated for this study. At least two such examples came to the fore during the research phase (**Twillingate/New World Island/Change Island Development Association - Herring Neck; East-port Peninsula Committee for the Development of Progress - Salvage**), but no attempt was made to identify others. In addition, it is believed there are many other community groups who have taken temporary, organized action to influence a fish processor or government, but then dissolved when the issue had subsided. Although interesting in their own right, this study has not documented their existence.

5.3 CONCLUSION

CBO involvement is a direct response to the local circumstances in which the CBO is situated. As can be seen from the previous section, the major factors determining involvement arise from needs and concerns in the local **fishing industry**. The CBO's recognize that the key to controlling their **own futures is in controlling the processing sector**.

The community-based sector is clearly more than a few isolated instances or community protest. It is a growing industry component of twenty-seven organizations, eighteen of which own or operate fish plants, and three of which are multi-plant organizations.

SECTION 5

FOOTNOTES

1. The provincial government has recently sold two of these plants to the co-operative at a nominal price.

FISH PROCESSING  
OPERATIONS

## 6.0 INTRODUCTION

One of the goals of this study is to demonstrate that **community-** based organizations form an identifiable sector within the **largr** fish processing industry. This section will attempt to outline the size and nature of CBO involvement in the industry, and to point out its significance in relation to the province's fishery as a whole. This exercise will include a review of the number of fishermen, vessels, processing jobs and the quantity of fish landed and processed in CBO communities. As well, the question of whether or not **CBO's** arise in reaction to community crises will be assessed using fish landings and community incomes **statistics**.

### 6.1 FISHING RELATED EMPLOYMENT

The following information relating to employment is based on the number of fishermen in CBO communities and the number of processing jobs in **CBO-related** plants. CBO communities are defined as those communities containing the 36 plants which are the subject of activity by the **CBO's** listed in Table 5.4. The shortcoming of this definition is that some communities which are connected with **CBO's** are excluded from the analysis, for example, on Fogo Island where only five communities have . plants out of ten communities which, are active in the co-operative. However, this shortcoming is necessary to ensure consistency because it would be impossible to define, in all **CBO's**, which fishermen from other communities sold fish to the CBO plant. The definition used is, therefore, a consistent measure of the area in which **CBO's are active**. It is necessary to note, however, that **in** only 13 communities do the **CBO's** actually operate plants **and an** additional nine were owned by **CBO's** and operated by private **businesses**. Therefore, not all activity in all **communities** can be **directly** attributed to the CBO.

According to Table 6.1, in 1984 there were 1,368 full-time fishermen and 1,283 part-time fishermen in CBO communities. Respectively, the full-time fishermen comprised 10.2 percent and 9.1 percent of all fishermen in the province. Although the difference is small, it is interesting that CBO communities have a greater proportion of full-time fishermen than in the province as a whole. The existence of more full-time fishermen may be an indication that local fisheries are more important to the total incomes of CBO communities than other communities, and may help explain why these communities have acted to exert control over their primary market.

TABLE 6.1  
NUMBER OF FISHERMEN IN CBO COMMUNITIES  
AND PROVINCE, 1984

| FISHERMEN      | CBO COMMUNITIES |              | NEWFOUNDLAND AND LABRADOR |              | % CBO'S OF NEWFOUNDLAND |
|----------------|-----------------|--------------|---------------------------|--------------|-------------------------|
|                | NO.             | %            | NO.                       | %            |                         |
| Full-time      | 1,368           | 51.6         | 13,456                    | 48.7         | 10.2                    |
| Part-time      | <u>1,283</u>    | <u>48.4</u>  | <u>14,161</u>             | <u>51.3</u>  | <u>9.1</u>              |
|                | <u>2,651</u>    | <u>100.0</u> | <u>27,617</u>             | <u>100.0</u> | <u>9.6</u>              |
| <u>VESSELS</u> |                 |              |                           |              |                         |
| 35 '           | 1,451           | 89.2         | 14,763                    | 90.0         | 9.8                     |
| 35-64 '        | 170             | 10.4         | 1,364                     | 8.4          | 12.5                    |
| 100 '+         | <u>5*</u>       | <u>0.3</u>   | <u>90</u>                 | <u>0.6</u>   | <u>4.4</u>              |
|                | <u>1,627</u>    | <u>100.0</u> | <u>16,235</u>             | <u>100.0</u> | <u>10.0</u>             |

\*These vessels are offshore trawlers located in a CBO-related community, but are not the focus of CBO efforts.

Source: Department of Fisheries and Oceans.

An examination of statistics on the size distribution of fishing vessels in CBO communities supports this assertion. CBO communities contain 9.8 percent of all vessels under 35 feet in length, and 12.5 percent of vessels between 35 and 64 feet. The higher proportion of boats of greater length indicates a somewhat heavier capital investment and commitment in the fishing industry than other communities in general.

Table 6.2 shows that the number of jobs in 19 CBO-related plants operating in 1984 was 1,493 (CBO-related plants are defined as plants owned and/or operated by CBO's, in columns one to three in Table 5.4). This number is self-reported by processors on their applications for processing licenses, but it is not indicated whether the figure refers to average employment, total number employed in a season, or peak employment. Therefore, depending on which definition is used, CBO's account for five to ten percent of processing jobs in the province. All of these jobs are seasonal and help support a year-round income cycle which includes unemployment insurance benefits. In 1982 and 1983 the number of processing jobs was almost identical to 1984, displaying a notable stability in the CBO sector.

TABLE 6.2

NUMBER OF JOBS IN CBO-RELATED PLANTS, 1982-84

|                  | <u>1982</u> | <u>1983</u> | <u>1984</u> |
|------------------|-------------|-------------|-------------|
| Number of Jobs   | 1,492       | 1,471       | 1,493       |
| Number of Plants | 19          | 17          | 19          |

SOURCE : Department of Fisheries, Processors License File.

6".2 FISH LANDINGS

The quantity of fish landed in CBO communities will be described in two ways: through the community landings data which includes all **CBO's** no matter what their level of involvement, and through the Processors License Files which includes only **CBO's** with operating or owning roles. The former is reported in Table 6.3 which shows that in 1982, 30,657 metric tons of fish was landed in **CBO** communities, which represents 6.1 percent of all fish landed in the province. This is clearly a substantial amount, and emphasizes that the community based sector is an **important** segment of the fishery. It is interesting to note that this **proportion** of fish is noticeably below the proportion of fishermen in these same communities (6.1% compared to 9.6%) and this is not accounted for by the difference in base years (1982 and 1984). The gap is probably due to the inshore nature of CBO community fisheries which are more **labour** intensive than the offshore sector which reaps about 30 percent of provincial **landings**.

TABLE 6.3

TOTAL FISH LANDINGS IN CBO COMMUNITIES\*  
AND PROVINCE, 1982

|                   | <u>Quantity</u><br><u>(Metric Tons)</u> |
|-------------------|---|
| CBO Communities** | 30,657                                  |
| Province          | 505,743                                 |
| %                 | 6.1%                                    |

**\*CBO communities** for this **table** are communities in which **CBO-related** plants are located, or if no plant, where the focus of CBO activity occurs.

\*\*Three communities were excluded because they contained trawler landings which were not related to **CBO's**, and would skew the figures upward.

SOURCE : Department of Fisheries and Oceans



The 6.1 percent level is a reasonable indicator of the amount of fish landed in communities where organized action to participate in the fish processing industry has occurred. However, it is a less than perfect measure of the quantity of fish processed in plants in which **CBO's** have direct involvement through owning or operating the plant. These data were gathered from the processor license files for the years 1982 to 1984. Of course this measure includes fish processed in plants that were leased by private processors, but it was deemed reasonable for these to be included because **CBO's** had exercised major decisions such as the location of the plant and the selection of the processor.

Tables 6.4 and 6.5 show that the landed weight of fish in the nineteen **CBO-related** plants was just over 35 million pounds. This amount is equal to 15,726 metric tons, or slightly more than half the community landings figures. In terms of provincial landings, the landed **weight in CBO-related** plants accounts for 3.1 percent of the province, but this proportion is probably underestimated slightly because provincial landings are calculated in round weight, whereas plant figures are landed weight which means that a certain proportion is purchased head on-gutted.

In 1983 the total landed weight in CBO-related plants declined to 31 million pounds, following the general province-wide decline, but **maintained its 3.1 percent share**. In 1984, the growth in the CBO sector out-paced the province as a whole, increasing its share to 4.9 percent of provincial landings. This is a substantial increase and reveals considerable **vitality in the CBO sector**.

Tables 6.4 and 6.5 also display the landed weight of fish by species. The most interesting observations in this context are that similar to most other processors, the **CBO's** rely on **groundfish, particularly cod**, for about four-fifths of their operations. This **proportion** declined slightly between 1982 and 1984. **CBO's** also purchased a significant amount of **caplin**, about ten percent of all landed weight at

CBO plants, which is equivalent to about five percent of the province's **caplin** landings. **CBO's** have witnessed the increasing importance of crab and herring in their operations, and they are significant players in the salmon industry with about 25 percent of provincial landings. Table 6.6 provides output production statistics for the same plants, and they reflect the same general trends.

TABLE 6.4

LANDED WEIGHT OF FISH, BY SPECIES, (1)  
IN CBO-RELATED PLANTS, 1982-84

| SPECIES                                       | 1982              |             | 1983              |             | 1984              |             |
|---|-------------------|-------------|-------------------|-------------|-------------------|-------------|
|   | LBS .             | %           | LBS .             | %           | LBS .             | %           |
| Cod   | 25,582,677        | 72.6        | 21,320,125        | 68.0        | 29,741,844        | 69.2        |
| Other   |                   |             |                   |             |                   |             |
| <b>Groundfish</b>                             | <u>4,542,411</u>  | 12.9        | <u>3,138,981</u>  | 10.0        | <u>4,166,657</u>  | 9.7         |
| Groundfish                                    | 30,125,088        | 85.5        | 24,459,106        | 78.0        | 33,908,501        | 78.9        |
| <b>Caplin</b>                                 | 3,314,271         | 9.4         | 3,052,284         | 9.7         | 4,501,568         | 10.5        |
| Herring                                       | 198,085           | 0.6         | 350,000           | 1.1         | 1,210,297         | 2.8         |
| Salmon  | 218,684           | 0.6         | 230,628           | 0.7         | 399,678           | 0.9         |
| Other   |                   |             |                   |             |                   |             |
| <b>Pelagics</b>                               | <u>89,420</u>     | 0.3         | <u>1,768,455</u>  | 5.6         | <u>1,544,311</u>  | 3.6         |
|   | 3,820-,460        | 10.8        | 5,401,367         | 17.2        | 7,655,854         | 17.8        |
| Lobster                                       | 2,425             | 0.0         | 14,210            | 0.0         | 114,852           | 0.3         |
| Crab  | 0                 | 0.0         | 1,450,813         | 4.6         | 1,173,715         | 2.7         |
| Other Mon.<br>& Crus.                         | <u>1,273,573</u>  | 3.6         | <u>920</u>        | 0.0         | <u>85,000</u>     | 0.2         |
| <b>Molluses &amp;<br/>Crustac.</b>            | 1,275,998         | 3.6         | 1,465,853         | 4.7         | 1,373,567         | 0.0         |
| Other   | 3,885             | 0.0         | 11,683            | 0.0         | 13,116            | 0.0         |
| <b>TOTAL</b>                                  | <u>35,225,431</u> | <u>99.9</u> | <u>31,338,009</u> | <u>99.9</u> | <u>42,951,038</u> | <u>99.9</u> |
| Number of CBO-<br>Related Plants<br>Operating | 19                |             | 17                |             | 19                |             |

(1) Plant statistics are included for **CBO-Related** plants of the following classifications:  
(a) owns and operates;  
(b) owns but leases to a private company; and  
(c) operates a leased provincially owned plant.

SOURCE : Department of Fisheries, Processor Licence Files (except Jerseyside, 1982 and Torngat plants, 1982-84 which were estimated)

TABLE 6.5

LANDED WEIGHT OF FISH,  
IN CBO-RELATED PLANTS, AS A PERCENTAGE  
OF TOTAL LANDINGS FOR NEWFOUNDLAND AND LABRADOR,  
1982-84

| <u>SPECIES</u>                   | <u>1982</u><br><u>%</u> | <u>1983</u><br><u>%</u> | <u>1984</u><br><u>%</u> |
|----------------------------------|-------------------------|-------------------------|-------------------------|
| Cod                              | 3.8                     | 3.2                     | 5.6                     |
| Other Groundfish                 | 1.6                     | 1.5                     | 2.0                     |
| Groundfish                       | 3.2                     | 2.8                     | 4.6                     |
| <b>Caplin</b>                    | 4.7                     | 4.6                     | 4.9                     |
| Herring                          | 0.7                     | 1.7                     | 8.0                     |
| Salmon                           | 7.4                     | 10.0                    | 24.7                    |
| Other Pelagic & <b>Estaurial</b> | 3.2                     | 9.2                     | 12.7                    |
| Pelagic and <b>Estaurial</b>     | 3.7                     | 4.9                     | 17.8                    |
| Lobster                          | 0.1                     | 0.3                     | 2.4                     |
| Crab                             | 0.0                     | 5.8                     | 5.1                     |
| Other Mol. & <b>Crustac.</b>     | 3.6                     | 0.0                     | 1.1                     |
| Other                            | 0.1                     | 0.4                     | 0.0                     |
| <b>TOTAL</b>                     | <b>30.1</b>             | <b>3.1</b>              | <b>4.9</b>              |

Derived from: Department of Fisheries, Processor **Licence** Files;  
Government of Newfoundland and Labrador, Historic-al  
Statistics, 1985; and Department of Fisheries and  
Oceans.

TABLE 6.6

PLANT PRODUCTION BY SPECIES IN **CBO-RELATED** PLANTS, (1)  
1982-1984

| SPECIES                        | 1982             |          | 1983             |          | 1984             |          |
|--------------------------------|------------------|----------|------------------|----------|------------------|----------|
|                                | <u>LBS .</u>     | <u>%</u> | <u>LBS .</u>     | <u>%</u> | <u>LBS .</u>     | <u>%</u> |
| Cod (Salted)                   | 5,273,316        | 31.6     | 4,104,158        | 28.9     | 6,439,469        | 30.1     |
| Cod (Fresh & Frozen)           | 5,730,002        | 34.4     | 4,738,813        | 33.0     | 7,520,829        | 35.9     |
| Other Groundfish               | <u>2,780,202</u> | 16.6     | <u>1,296,683</u> | 9.1      | <u>1,473,445</u> | 7.0      |
| Groundfish                     | 13,783,520       | 82.6     | 10,139,654       | 71.4     | 15,443,743       | 73.6     |
| <b>Caplin</b>                  | 1,732,323        | 10.4     | 1,349,934        | 9.5      | 2,371,859        | 11.3     |
| Herring                        | 186,785          | 1.1      | 350,000          | 2.5      | 664,527          | 3.2      |
| Salmon                         | 214,699          | 1.3      | 200,787          | 1.8      | 372,744          | 1.8      |
| Other <b>Pelagics</b>          | <u>87,735</u>    | 0.5      | <u>1,742,576</u> | 12.3     | <u>1,583,856</u> | 7.6      |
| <b>Pelagics</b>                | 2,221,532        | 13.3     | 3,643,297        | 25.7     | 4,992,986        | 23.8     |
| Lobster                        | 2,425            | 0.0      | 13,625           | 0.1      | 112,454          | 0.5      |
| Crab                           | 0                | 0.0      | 359,537          | 2.5      | 334,950          | 1.6      |
| Other Mon. & Crus.             | <u>669,399</u>   | 4.0      | <u>26,579</u>    | 0.2      | <u>79,468</u>    | 0.4      |
| <b>Molluses &amp; Crustac.</b> | 671,824          | 4.0      | 399,741          | 2.8      | 526,872          | 2.5      |
| Other                          | 0                | 0.0      | 10,000           | 0.1      | 5,168            | 0.0      |
| <b>TOTAL</b>                   | 16,676,886       | 99.9     | 14,192,697       | 100.0    | 20,958,769       | 99.9     |

(1) See notes for Table 6.4

### 6.3 COMMUNITY CRISES

The description of **CBO's** in fish processing thus far portrays a small but growing sector of the province's fishing industry which provides a considerable number of processing jobs, and is located in communities of serious and committed fishermen. To delve further into the nature of **CBO's**, it is worthwhile to examine the circumstances surrounding their formation. The analysis presented in Section 4 regarding the reasons why **CBO's** were started will be supplemented here by a statistical assessment of the conventional wisdom that **CBO's** arise in response to a local crisis in the fishery or the community.

It is often expressed that community groups will take collective economic action when disasters **befall** their communities. Some examples are the Fogo Co-operative in response to resettlement, the Northern Area Regional Development Association in response to trawler overfishing, and more recently the St. Lawrence Action Committee in response to a plant closure. In light of this commonly accepted explanation, data on fish landings and total community incomes were collected for CBO communities for the five years prior to the year in which CBO action in the processing sector started. These statistics would be expected to show a declining trend over the five-year period, or maybe a sudden drop, that would induce community groups to organize for action. Both fish landings\* and income statistics were collected because if a fish plant closure was the cause of a crisis, evidence of a decline may not show up in fish landings due to a **fishermen's** ability to **sell** to alternate processors. In such cases, evidence of a crisis would be captured in the income statistics which would reflect **lower** incomes of plant workers and workers in the tertiary **sector**.

Table 6.7 displays the aggregated quantity of fish landings in CBO communities for the five years prior to each **CBO's** initial activity in fish processing. For clarification purposes, in the case of a CBO which

started in 1983, and another that started in 1975, the years 1982 and 1974 respectively would be added together because they both represent "year minus one" for each CBO. This configuration of data shows that for the most part, CBO communities experienced substantial increases in fish landings over the five-year period. The decline of 10.5 percent in "year minus one" is the only example of a reverse in fortunes, but this cannot be considered a crisis due to the healthy increases in preceding years, and because a number of the CBO communities began in the early 1980's when a decline in fish landings was the norm in the province.

TABLE 6.7

FISH LANDINGS IN **CBO-RELATED** COMMUNITIES FOR FIVE YEARS PRIOR TO **CBO'S** INITIAL ACTIVITY **IN FISH PROCESSING SECTOR**

| <u>YEAR</u> | <u>QUANTITY (LBS.)</u> | <u>ANNUAL<br/>% CHANGE</u> | <u>5 YEAR<br/>% CHANGE</u> |
|-------------|------------------------|----------------------------|----------------------------|
| Year-1      | 21,595,303             | -10.5                      | 73.8                       |
| Year-2      | 24,139,714             | 22.3                       |                            |
| Year-3      | 18,816,070             | 28.0                       |                            |
| Year-4      | 14,705,680             | 18.3                       |                            |
| Year-5      | 12,428,284             |                            |                            |

\* Due to data limitations only the following communities were included in this table: Whales Gulch (1977), Wild Cove (1978), St. George's (1978), Codroy (1978), Dover (1978), Mary's Harbour (1979), L'anse au Loup (1979), Cartwright (1979), **Rigolet/Hopedale/Postville/Davis Inlet/Makkovik/Nain** (1979), Woody Point (1981), Branch (1981), **Cox's** Cove (1982), Red Bay (1982), Norman's Cove (1982), Petite Forte (1983), Petty Harbour (1983).

SOURCE : Department of Fisheries and Oceans, Community Landings Statistics.

Furthermore, the five-year increase in fish landings in CBO communities was 73.8 percent, which is about the average of five year growth rates for Newfoundland between 1971 and 1980<sup>1</sup>. Therefore, based on fish landings data, the crisis explanation for CBO formations cannot be upheld.

The same conclusion is reached in regard to income statistics in Table 6.8. Over the five years prior to **CBO's** starting up, total incomes in CBO communities rose substantially, showing annual increases between 9.8 percent and 21.2 percent. The "year minus one" growth rate was in excess of the "year minus two" rate. Over the five-year period, incomes rose by 71.6 percent, again about the average of five-year growth rates in Newfoundland between 1971 and 1980<sup>2</sup>. These data show that no crises were evident in CBO communities before **CBO** formation, at least in **terms** of fish landings and total incomes. Therefore, the conventional wisdom that **CBO's** are purely a reaction to short-term disasters in the fishery does not appear to be a useful explanation for CBO motivations. This finding supports the earlier analysis which concluded that involvement in fish processing occurs in response to a general dissatisfaction with processing conditions in the community, as well as the general level of unemployment. Only in a few cases can involvement be directly connected to a community crisis.



TABLE 6.8

TOTAL INCOME IN CBO-RELATED COMMUNITIES FOR FIVE YEARS  
PRIOR TO CBO'S INITIAL ACTIVITY IN FISH PROCESSING SECTOR

| <u>YEAR</u>   | <u>(\$000)</u> | <u>ANNUAL<br/>% CHANGE</u> | <u>5 YEAR<br/>% CHANGE</u> |
|---------------|----------------|----------------------------|----------------------------|
| Year- 1       | 20,395         | 12.4                       | 71.6                       |
| Year-2        | 18,152         | 9.8                        |                            |
| Year-3        | 16,533         | 14.8                       |                            |
| <b>Year-4</b> | 14,406         | 21.2                       |                            |
| Year-5        | 11,885         |                            |                            |

\* Due to data limitations this table includes only St. George's (1978), Dover (1978), **Cox's** Cove (1982), Cartwright (1979), Woody Point (1979), Branch (1981), and Norman's Cove (1981).

S O U R C E Newfoundland Statistics Agency, Taxable . . . .

6.3 SUMMARY

The community-based fish processing sector contains about ten percent of the province's fishermen. The sector accounted for almost five percent of the province's fish production in 1984, which was a significantly higher share than in the previous two years. **CBO's** rely primarily on codfish for their input, but also process substantial quantities of **caplin**, herring and crab, and they handle a large share of provincial salmon landings. **CBO's** are a stable and integral part of the fishing industry, they have formed in a growth environment rather than a crisis environment, and statistically they show no sign of decline or demise.

SECTION 6

FOOTNOTES

1. The five-year growth rate in Newfoundland fish landings ending in the year 1975 was - 39.4%; 1976 - 19.5%; 1977 - 21.0%; 1978 - 85.9%; 1979 - 122.8%; 1980 - 47.0%.
2. Five year growth rates for total incomes in Newfoundland ending in the year 1975 was 138.6%; 1976 - 118.1%; 1977 - 95.4%; 1978 - 63.6%; 1979 - 63.6%; 1979 - 53.8%; and 1980 - **47.9%**.

COMMUNITY PROFILES

## 7.0 INTRODUCTION

In preparation for this section of the analysis, statistical profiles were prepared for each of the communities relevant to the study (heretoforth referred to as the study communities). Each profile includes the following data: population in 1976 and 1981; change in population **by** number and percentage; 1981 sex and age composition; migration between 1976 and **1981**; employment by age and sex; employment by industry; number of unemployment insurance recipients and social assistance cases; and educational attainment. The figures for the individual communities were compiled into one representative profile. Another profile, including the same indicators, was prepared for a set of communities (sample communities) randomly chosen from the census **list**.<sup>1</sup> The two profiles are compared to determine whether or not there are specific characteristics of the study communities which indicate why they formed community-based organizations which entered into the fish processing industry. Conversely; the comparison could reveal unique characteristics which result from the involvement in the processing industry. These avenues of comparison are followed through this section as the indicators are reviewed and discussed.

There are a number of unavoidable inadequacies in the data collected. Unincorporated communities are difficult to isolate from other communities by the census takers.<sup>2</sup> This results in gaps in information, especially where comparisons are made between years. The boundaries of communities may change, thus varying the population counts. Consequently, comparisons between census years may not be an accurate portrayal of the situation. The information in the following tables must then be viewed in light of these inherent inadequacies.

### 7.1 POPULATION

The following tables present an overview of the population structures for both the study and sample communities:

TABLE 7.1

POPULATION 1976 AND 1981 - STUDY AND SAMPLE COMMUNITIES

| COMMUNITIES | POPULATION<br>1976 | POPULATION<br>1981 | CHANGE IN<br>POPULATION | % OF<br>POPULATION<br>IN CHANGE |
|-------------|--------------------|--------------------|-------------------------|---------------------------------|
| STUDY       | 22,668             | 22,406             | -262                    | -1.2                            |
| SAMPLE      | 21,196             | 20,498             | -693                    | -3.3                            |

SOURCE : Statistics Canada

TABLE 7.2

POPULATION - 1981  
BREAKDOWN BY AGE AND SEX  
STUDY AND SAMPLE COMMUNITIES

| AGE                     | <u>STUDY COMMUNITIES</u> |     | <u>SAMPLE COMMUNITIES</u> |     |
|-------------------------|--------------------------|-----|---------------------------|-----|
|                         | NO.                      | %   | NO.                       | %   |
| Males:                  |                          |     |                           |     |
| Total                   | 12,396                   | 100 | 10,720                    | 100 |
| 0- 4 yrs.               | 1,254                    | 10  | 960                       | 9   |
| 5- 9 yrs.               | 1,346                    | 11  | 1,150                     | 11  |
| 10-14 yrs.              | 1,471                    | 12  | 1,185                     | 11  |
| 15-19 yrs.              | 1,398                    | 11  | 1,100                     | 10  |
| 20-24 yrs.              | 1,126                    | 9   | 890                       | 8   |
| 25-34 yrs.              | 1,915                    | 15  | 1,775                     | 17  |
| 35-44 yrs.              | 1,203                    | 10  | 1,180                     | 11  |
| 45-54 yrs.              | 994                      | 8   | 890                       | 8   |
| 55-64 yrs.              | 936                      | 8   | 775                       | 7   |
| 65-69 yrs.              | 595                      | 3   | 305                       | 3   |
| 70 & over               | 595                      | 5   | 500                       | 5   |
| Females:                |                          |     |                           |     |
| Total                   | 11,585                   | 100 | 10,470                    | 100 |
| 0- 4 yrs.               | 1,042                    | 9   | 910                       | 9   |
| 5- 9 yrs.               | 1,191                    | 10  | 1,125                     | 11  |
| 10-14 yrs.              | 1,435                    | 12  | 1,200                     | 11  |
| 15-19 yrs.              | 1,397                    | 12  | 1,015                     | 10  |
| 20-24 yrs.              | 1,001                    | 9   | 855                       | 8   |
| 25-34 yrs.              | 1,729                    | 15  | 1,810                     | 17  |
| 35-44 yrs.              | 1,097                    | 9   | 1,105                     | 11  |
| 45-54 yrs.              | 843                      | 7   | 810                       | 8   |
| 55-64 yrs.              | 855                      | 7   | 765                       | 7   |
| 65-69 yrs.              | 312                      | 3   | 320                       | 3   |
| 70 & over               | 597                      | 5   | 555                       | 5   |
| <b>TOTAL BOTH SEXES</b> | <b>23,981</b>            |     | <b>21,190</b>             |     |

"Table 7.1 shows the total population count for both the study and sample communities. Table 7.2 presents the breakdown of these populations by sex and age. The totals for the two tables do not match because of the necessity of rounding figures off to the nearest division of five and possible errors in recording figures at source.

Using the totals in Table 7.2 as the base because it is from these totals that the age categories are broken out, it is shown that in the study communities fifty-two percent of the population are male. The division in the study communities is similar with fifty-one percent of the total population being male. The breakdown of population by age groups is also very similar in both the study and sample communities. The **slight** variations in percentages do not indicate any particular representation of one age category within either group of communities. From these tables it is evident that there are no significant differences in the population structures in terms of age and sex between the study and sample communities. The population figures do not then indicate why the study communities have **CBO's** involved in the fishing **industry** and nor do they show any particular ramifications of the **CBO** activity.

The changes in size of population between 1976 and 1981 (See Table 7.1) show that for the study communities the population has dropped by 1.2% and for the sample communities by 3.3%. These percentages represent very small portions of the total population. The difference in experience for the two community groups **is**, therefore, not as great as it would first appear.

Within the study communities the most significant drops in population for specific communities are in Jersey'side and St. George's. The drops in population in these communities are **offset** by significant gains in South **Dildo** and **Fermeuse**. It would not be enlightening to look into these specific incidents of population change any further because there are questions concerning the population counts and boundaries of several of the communities encompassed into the table.

## 7.2 MIGRATION

Changes in population can be partially explained by migration. Table 7.3 shows that for both the study and sample communities **out-** migration has exceeded in-migration. This is understandable in light of the limited employment options in rural Newfoundland. There is a significant difference in the net internal migration for the study and sample communities. The study communities have lost about double the proportion of people as the sample communities have, however, the high figure of five hundred and thirty for the study communities is largely explained by the extremely high out-migration from St. Lawrence, resulting in a net loss of 260 people. The high number of migrants from St. Lawrence is probably due to the closure of the local fish plant in 1978. Being the major single source of employment in St. Lawrence, the plant's closure was a major blow to the local **labour** force and their families. In general, excluding the exceptional circumstances of St. Lawrence from the study communities category, the loss of population through migration for both sets of communities is quite similar; **witht** he study communities losing 270 people through migration and the sample communities losing 235 people.

TABLE 7.3

MIGRATION - 1976 TO 1981  
STUDY AND SAMPLE COMMUNITIES

|                         | <u>STUDY COMMUNITIES</u> |                          | <u>SAMPLE COMMUNITIES</u> |
|-------------------------|--------------------------|--------------------------|---------------------------|
|                         | TOTAL                    | LESS SIX*<br>COMMUNITIES |                           |
| Population 5+           | 21,498                   | 17,929                   | 19,265                    |
| Non-Migrant Movers      | 13,258                   | 12,441                   | 13,945                    |
| Migrant Movers          | 4,287                    | 3,834                    | 5,295                     |
| Total In-Migration      | 1,908                    | 1,878                    | 2,555                     |
| From Different Province | 437                      | 315                      | 435                       |
| Net Internal Migration  | -500                     | -530                     | -235                      |

\* For the following six communities the figures for total in-migration are not available: Petite Forte, Whale's Gulch, Wild Cove, South **Dildo**, **Picadilly** and Deep Bay.

SOURCE : Statistics Canada

7.3 EMPLOYMENT

In Table 7.4 the population of age fifteen years and over is broken down by number in the **labour** force and the participation rate by the number of employed and unemployed. Between the study and sample communities the breakdown for males is quite similar. In the sample communities there is a slightly higher (6%) representation of males in the **labour** force, which may be explained by the higher diversification of employment opportunities in the sample communities (see Table 7.4). The participation rate is lower for the study communities. This may mean that a significant portion of the male population does not seek employment due to the limited capacity of the fishery to absorb more workers. The percentage of males in the **labour** force employed and unemployed are comparable within a few percentage points.



Differences are more notable in looking at the female population. The participation rate in the study communities is much lower indicating that females do not enter the **labour** market knowing that opportunities are limited. A substantially higher number (9%) of females in the study communities are unemployed than in the sample communities. Once again, this is probably largely due to the narrow range of occupational opportunities in communities dependent upon one resource sector for its livelihood.

Table 7.4 shows the dependence of the study communities upon the fishing industry. The study communities have a far greater concentration in the primary industries (for all intents and purposes the fishery) and in manufacturing (with few exceptions, fish processing)<sup>4</sup> than do the sample communities. The study communities are being investigated because of their fishing activity. It is evident from the following table that fisheries activity is the focal point around which the majority of other economic activity revolved. Community, business and service industries, financial, real estate and insurance companies rely for their incomes on the core of workers employed in the fishing industry. Lucas defines a one industry town as one in which 75% of the **labour** force is dependent for its income upon one industry.<sup>5</sup> The study communities fit into this definition having over 75% directly employed in the fishing industry or employed in a service or support industry. Therefore, without looking at the individual circumstances of specific communities, it can be said that the study communities as a group are dependent upon the fishing industry for employment and income. This dependence does not appear to be an impediment to the male population already in the **labour** force. However, there is a limit to the number of males the fishing industry can absorb. Therefore, as indicated by the participation rate, the number of males who are actually seeking employment or are already employed is less than that of the sample communities, having a more diversified economic base. The participation rate for females in the study communities is far below that of the female population of the sample communities. The lack of diversification of employment opportunities beyond the fisheries restricts female participation in light of the small representation by the service sector, the traditional source of employment for females.

TABLE 7.4

EMPLOYMENT - 1981  
BREAKDOWN BY SEX AND INDUSTRY  
STUDY AND SAMPLE COMMUNITIES

| <u>EMPLOYMENT</u>                               | <u>STUDY COMMUNITIES</u> |          | <u>SAMPLE COMMUNITIES</u> |          |
|---|--------------------------|----------|---------------------------|----------|
|   | <u>NO.</u>               | <u>%</u> | <u>NO.</u>                | <u>%</u> |
| <u>Males:</u>                                   |                          |          |                           |          |
| Population 15+                                  | 8,187                    |          | 7,445                     |          |
| In Labour Force                                 | 5,496                    | 100      | 5,425                     | 100      |
| Employed  | 4,316                    | 79       | 4,430                     | 82       |
| Unemployed                                      | 1,184                    | 22       | 1,000                     | 18       |
| Participation Rate (Labour<br>Force/Population) |                          | 67.1     |                           | 72.9     |
| <u>Females:</u>                                 |                          |          |                           |          |
| Population 15+                                  | 7,501                    |          | 7,125                     |          |
| In Labour Force                                 | 2,645                    | 100      | 2,640                     | 100      |
| Employed  | 1,781                    | 67       | 2,070                     | 78       |
| Unemployed                                      | 830                      | 31       | 575                       | 22       |
| Participation Rate (Labour<br>Force/Population) |                          | 35.3     |                           | 37.1     |
| TOTAL Labour Force<br>(Both Sexes)              | 7,955                    |          | 8,075                     |          |
| <b>All Industries</b>                           | 7,618                    | 100      | 7,820                     | 100      |
| Primary   | 1,336                    | 18       | 780                       | 10       |
| Manufacturing                                   | 2,176                    | 29       | 1,270                     | 16       |
| Construction                                    | 634                      | 8        | 765                       | 10       |
| Transportation and<br>Other Utilities           | 455                      | 6        | 635                       | 8        |
| Trade   | 908                      | 12       | 1,635                     | 21       |
| Finance, Real Estate<br>and Insurance           | 103                      | 1        | 180                       | 2        |
| Community, Business,<br>Service                 | 1,526                    | 20       | 1,950                     | 25       |
| Public Administration                           | 428                      | 6        | 565                       | 7        |

SOURCE : Statistics Canada

These lower participation rates do not indicate that CBO's are failing in their goals to serve the employment needs of the local population. On the contrary they point to the overwhelming importance of the CBO sector which has injected new life into the local economy by providing the high level of employment opportunities that it does. It is obvious that without the operation of these fish plants, these communities would be devastated by unemployment. The tremendous dependence upon the fishery shows that the study communities are in a more precarious position than the sample communities. Beyond the fishery, for the study communities, there would be few economic opportunities. This may explain the growth of community-based activity developing out of a strong sense of personal investment and dependence on the fishery.

There is slightly higher incidence of social assistance cases recorded for September 1985 for the study communities compared to the sample communities. The difference is not great and might be partially explained, once again, by the lack of economic diversification among the study communities. The relatively high incidence of female unemployment may also partially explain the higher number of social assistance cases.

TABLE 7.5  
SOCIAL ASSISTANCE CASES  
SEPTEMBER 1985  
STUDY AND SAMPLE COMMUNITIES

|                        | <u>STUDY COMMUNITIES</u> |          | <u>SAMPLE COMMUNITIES</u> |          |
|------------------------|--------------------------|----------|---------------------------|----------|
|                        | <u>NO.</u>               | <u>%</u> | <u>NO.</u>                | <u>%</u> |
| Population 15+         | 7,897                    | 100      | 7,445                     | 100      |
| Social Assistance Case | 1,008                    | 13       | 602                       | 8        |

7.4 EDUCATION

TABLE 7.6

LEVEL OF EDUCATION - 1981  
STUDY AND SAMPLE COMMUNITIES

|                               | <u>STUDY COMMUNITIES</u> |          | <u>SAMPLE COMMUNITIES</u> |          |
|-------------------------------|--------------------------|----------|---------------------------|----------|
|                               | <u>NO.</u>               | <u>%</u> | <u>NO.</u>                | <u>%</u> |
| Population 15 years and over  | 16,599                   | 100      | 14,565                    | 100      |
| Less than Grade 9             | 7,085                    | 43       | 5,245                     | 36       |
| Grade 9-13                    | 6,160                    | 37       | 5,560                     | 38       |
| Trades & Other non-University | 2,317                    | 14       | 2,335                     | 16       |
| University                    | 965                      | 6        | 1,435                     | 10       |

Table 7.6 compares the educational attainment between both sets of communities. Once again, this table does not show any striking difference between the populations in the study and sample communities. In general, the population in the study communities have slightly more people with less than a Grade 9 education and slightly fewer people in the categories of higher levels. The differences between the two groups are so small that it would be presumptuous to make any statements about why the differences exist without further extensive field research. For the purposes of this study the differences are not significant enough to explain the CBO activity of these communities.

7.5 CONCLUSION

The information presented in the tables in this section show that in terms of population make-up, population changes and educational attainment, there is very little difference between the study and sample communities. The labour force characteristics of the two sets of communities present greater differences in terms of female employment and the greater concentration of employment in the fishing industry.

It would appear that if there is indeed a unique characteristic which explains why the study communities developed community-based organizations which became actively involved in the fish processing industry, it is because these communities are more dependent upon the fisheries resource. Lacking other economic options, the **CBO's** look within the fishing industry for employment and income opportunities.

It could be proposed conversely, that because the study communities have groups which are community based and community focused, they have concentrated all their efforts in the fishery, to the exclusion of developing other resources. This proposal is much more questionable than the latter conclusion in that the repeated difficulties in the fisheries would motivate the **CBO's** to seek to diversify their economic opportunities. This is supported by the high number of **CBO** representatives who stated that they became involved in CBO activity to improve or create new employment opportunities in their communities. There is no reason to suppose that they limited their efforts to the fishery. The single most frequent type of CBO represented in this study is the Development **Associ-**ation which is committed to all types of development, not just the fishing industry.

It would seem that **CBO's** recognize the need to improve the socio-economic climate of their communities and further recognize that the greatest potential for development lies in the exploitation and processing of that resource.

SECTION 7

FOOTNOTES

1. See Appendix D., page 138.
- 2\* Mr. Hugh Riddler of the Newfoundland Statistics Agency advises that Census takers may ask the Census questions slightly differently or record the responses slightly differently. This, he concludes, **is** at least partially responsible for some of the obvious discrepancies between Census figures for small, unincorporated communities.
3. Primary Industries, as defined by Statistics Canada, includes fishing, forestry, mining and agriculture. For the study communities, the resource activity besides fishing is quite minimal, being largely concentrated in subsistence activities.
4. Once again, the definition of manufacturing includes various types apart from food processing, but for the study communities the activity is virtually concentrated in the fishing industry. Other small manufacturing businesses might be sawmills, for example. which are largely family operations providing very limited employment opportunities.
5. Lucas, Minetown, Milltown, Railtown (Toronto 1971), p. 17.

10

GOVERNMENT POLICY

GOVERNMENT POLICY TOWARDS CBO'S IN FISH PROCESSING

8.0 INTRODUCTION

Development associations, Fishermen Committees and Co-operatives are continually affected by the policies and programmed of federal and provincial governments. In the development of a fish plant, a CBO may seek advice from government on how to gain legal incorporation, request information on markets, acquire assistance to conduct a feasibility study, access funding to construct a building, apply for a processing license, ssek a working capital loan guarantee, gain support from **M.H.A.'s** and **M.P.'s** to give momentum to their project, obtain employee training grants, and all the while lobby and cajole government officials to join in their quest. Of course, not all **CBO's** will require interaction with government in all these ways, but it is clear from the community interviews that government has played a determining factor in the existence of many of the community-based organizations.

Government's dominant role arises from its ongoing activities in fisheries management, industrial development and community development. It is the goal of fisheries departments at the federal and provincial levels to pursue wise use of the fisheries resource for maximum economic benefit to the province and country. This perspective leads to policies which attempt to align the amount of processing capacity with the available resource, and also to programmed which promote development opportunities where growth potential exists. To **CBO's**, the Federal and Provincial Fisheries Departments are, therefore, the enforcers of regulatory controls and the distributors of development assistance (both technical and financial).

Governments are also deeply involved in promoting general industrial development, within which the fish processing sector is one part. The Federal Department of Regional Industrial Expansion (**D.R.I.E.**, formerly D.R.E.E.) and the Provincial Departments of Development and Rural,



Agricultural and Northern Development (R.A.N.D.), all maintain policies and programmed which affect the fish processing industry. For CBO's, one of the main issues with these Departments is how well they account for the unique structural characteristics of CBO's in their developmental programmed.

Finally, government has a demonstrated interest in community development. In Newfoundland this interest is based on a political and social commitment to maintain the viability of the present rural settlement structure, which carries with it a strong emphasis on fisheries development. Programmed of the Department of Rural, Agricultural and Northern Development and the Canada Employment and Immigration Commission (CEIC)<sup>1</sup>, contribute directly to community development efforts, particularly through such groups as development associations. The funding allocations of these Departments often determine the extent to which CBO's become involved in fish processing.

The evidently large role of government with respect to CBO's necessitates a more complete examination of their relationships with each other. Therefore, this section will provide an overview of the policies and programmed of each of the above mentioned Departments and a description of how they relate to CBO's. This narrative is based on the interviews with officials in each of the Departments. As well, an attempt will be made to point out where conflicts have arisen between departmental policies and the goals of CBO's. These instances will be drawn from the government interviews and the community interviews. Lastly, a discussion of the broader ~~policy issues that are at play~~ in the government - CBO relationship will be presented.<sup>2</sup>

#### 8.1 THE DEPARTMENT OF FISHERIES AND OCEANS

DFO is involved in all aspects of the fishing industry from setting harvest quotas to quality control to marketing. Although DFO does not

have the power to issue fish processing licenses, this belongs to the provincial government, it does exert considerable influence over the processing sector through its inspection and development programmed.

The general policy stance of DFO in the processing sector is the establishment of a viable industry based on sound economic principles. This position supports aligning the amount of processing capacity with the available resource, improving quality and marketability of products (including secondary processing), and creating an environment for business success.

The policies and attitudes toward **CBO's** are derived from these general policy directions, although there is no formal, written policy on the community-based sector. DFO is very concerned about the problem of excess processing capacity and the manner in which the existing fish resource is spread over too many plants, thereby affecting the viability of all plants. The Department would prefer to see a diminution of processing capacity, but it recognizes that existing plants cannot be arbitrarily closed. It also recognizes that no restrictions should be placed on private (non-government) capital that is invested in fish processing because this capital is theoretically responding to market signals and seeking the highest level of return - an evident good. . However, what DFO does frown on is any further public sector investment in fish processing which expands capacity where sufficient capacity already exists. **CBO's** depend heavily on government for capital to invest in fish processing, so the DFO policy puts a strict limit on development in this sector.

DFO has been able to extend the effect of this policy beyond its own Department by soliciting the agreement of **DRIE, CEIC**, Department of Rural, Agricultural and Northern Development, the Department of Fisheries and the Newfoundland and Labrador Development Corporation. These other agencies forward copies of funding proposals related to fish processing

to DFO for assessment and recommendation. If DFO believes that the proposed project will cause unnecessary expansion, they will so inform the funding agency, and this input will be given weight in the final decision.

DFO does not turn thumbs down on all fish processing projects seeking financial **assistance**. Typically only those expansions and establishments in the traditional fishing sectors (i.e., primary processing of cod, flounder, **caplin**) will be rejected. Projects that are directed at processing under-utilized species and secondary processing are highly favoured. Also, projects that result in modernization, technological innovation, and quality improvement will usually be treated with enthusiasm, even if there is a marginal increase in processing capacity. Unfortunately, the latter types of projects tend to reduce the number of jobs in the fish processing sector. This result is contrary to the usual main objective of **CBO's**, which is to create employment, but it is deemed a legitimate result by DFO because it will create greater competitiveness in the marketplace, thereby generating net economic returns in the long run.

**DFO's** dealings with **CBO's** are quite frequent, especially under the job creation programmed and the Canada Fisheries Development Programme for Coastal Labrador. A central issue for **CBO's** under these programmed, and other similar programmed delivered by government, is the proportional level of funding which the agency will give to the project proponent as an incentive to carry out the project. This issue is important because many **CBO's** are poorly capitalized, or simply rely on government for all their capital requirements. Development associations and Fishermen Committees do not issue shares or have legal "ownership" structures, so they tend to rely on government funding programmed. Co-operatives, however, issue shares to members/owners, and have a very definite ownership structure, so they tend to generate capital internally to a greater degree than other **CBO's**. Whether DFO and other funding agencies provide 50 percent,

or 75 percent, or 100 percent of the costs of a project, therefore, becomes a very important determinant in whether a CBO utilizes a programme.

In deciding what level of funding should be provided to **programme** applicants under various development programmed, DFO and other agencies must also consider: whether private companies would be negatively affected if **CBO's** received higher levels of assistance, whether **CBO's** should be required to have the same level of internal investment to be eligible for a **programme**; and what degree of management expertise is deemed necessary to qualify. These considerations **are** usually specified **in** programme criteria, which, therefore, become the embodiment of departmental policy.

Although **DFO's** programmed are frequently delivered through **CBO's**, there is no pro-active policy towards these groups. Under the job creation programmed and the Coastal Labrador **Programme**, Development associations and Fishermen Committees can receive up to 100 percent of costs of upgrading a community owned plant or building. However, Co-operatives are treated the same as private enterprise who receive up to 50 percent of costs. The rationale for this distinction among **CBO's** is that a Development association or a Fishermen Committee is not owned by any individual or group of individuals, and if its assets are liquidated, any resulting benefit will not accrue to private individuals. Conversely, with Co-operatives, it is perceived that the liquidation value of a publicly subsidized asset will be bestowed on the individual members, and therefore the level of subsidy should be lower.<sup>3</sup> As **well**, it is stated that Co-operatives are very similar to private enterprise except that they have a larger group of shareholders. Co-operatives tend to compete directly with private enterprise in the marketplace and, therefore, should not be given an unfair advantage through higher levels of government assistance.

Non-co-operative **CBO's** are not typically involved in operating a fish processing business, rather they often own a building and lease it to a private processor. Therefore, these **CBO's** are not directly **compet-**ing against private enterprise in the marketplace, so it causes no unfairness to provide 100 percent of project costs to these organizations. However, if development associations were to set up subsidiary companies to operate processing facilities, they would be treated the same as other private companies.

DFO programmed that are delivered to development associations and Fishermen Committees do not require specified levels of equity investment before a grant is made because the project objective is usually to build a community asset, not a private asset in a commercial operation. A more important consideration to DFO is whether the CBO has the **capabil-**ity and legitimacy to account for the funds and carry out the project.

Other programmed of DFO eligible to **CBO's**, aside from Job Creation Programmed and the Labrador Fisheries Development **Programme**, include Ice-Making and Technical Assistance. **CBO's** that use these programmed are primarily co-operatives because the Ice-Making **Programme** requires a 20 percent contribution by the applicant towards the purchase of the machine, and technical assistance **is** aimed at operators.

DFO perceives that the goals of **CBO's** are in conflict with federal policy insofar as **CBO's** attempt to expand processing capacity. It **is** felt that **CBO's** do not understand that there cannot be a fish plant in every community. They suffer from the 'fallacy of composition' where a good that derives to a single community from a fish plant will not translate into a greater good if many communities attempt to set up fish plants. It is recognizes that the main objective of **CBO's** is to create employment, and that job creation programmed have permitted them to construct fish plants in the past, but a stop must be made to all expansions because the declining economies of scale will hurt the industry overall.

From the CBO perspective, the community interviews revealed that most CBO's did not have much interaction with DFO, and most that did felt that their relationship with DFO was good. Only four groups mentioned that they had been constrained by DFO's "no expansion" policy, two of them feeling that DFO's actions were partly motivated by negative attitudes toward community groups in general. However, this opinion can be countered by examples of generous DFO assistance to organizations like the **Torngat** Co-operative (through its shrimp license) and the Red Bay Co-operative (through construction of a Salt Fish Dryer). Yet the groups that have had conflicts with DFO emerge from their battles with a sense of bitterness, unfair treatment and the assessment that DFO does not appreciate the noble goals which the groups are pursuing. They also witness no attempt by DFO to compromise or look for exceptions to general policy directions (i.e., when there may be sufficient capacity in the general area, but there are fishermen in a particular community who have no buyers and are-constantly facing an uncertain primary market).

While this assessment may be technically correct, DFO claims it does understand the goals of community groups, but its policy direction limits them from considering exceptions to the rule so that the integrity of the overall policy is protected. DFO contends that problems like not having a consistent buyer are short-term problems which are self-correcting and do not require policy adjustment.

## 8.2 THE DEPARTMENT OF FISHERIES

The Provincial Department of Fisheries is the primary government agency in the fish processing industry due to its control over the issuing of processing licenses. The Department is also involved in other aspects of the fishing industry such as research and development, vessel technology, quality control, resource development, and management of about 300 on-shore fisheries facilities (i.e. gear **sheds**, stages) around the province.

The general policy objective of the Department of Fisheries in the processing sector is "to develop a competitive and commercially viable processing sector and to increase income and employment through further processing" (Government of Newfoundland and Labrador, 1982, p. 5). **One** manifestation of this objective is the freeze on issuing processing licenses which has been in place since 1982. The Department recognizes, similar to DFO, that rapid expansion has harmed the economic prospects of the industry, and that some form of rationalization must take place. However, this policy direction is tempered by the realization that many rural areas have no development alternatives outside of the fishery, and therefore plants **in** these areas should, in special cases, be financially supported for social reasons even though there may be slim prospects for viability (Ibid., p. 33). Promised support to a number of Fishery Products International plants on the south coast of the province and the operation of plants at substantial losses on the north coast of Labrador, are examples of this policy.

With respect to community-based organizations, this balanced approach to the processing sector, which recognizes the interests of communities, is less in evidence. It is the policy of the Department of Fisheries that development associations and by extension all community associations be prohibited from owning or operating fish processing facilities. This policy was formulated in 1984 in response to a brief by the Newfoundland and Labrador Rural Development Council to the Premier. In this brief, the Council informed the Premier that several development associations:

have become involved in the construction of new fish processing facilities only to discover that ownership and control must be turned over to the Provincial Department of Fisheries to obtain their approval. While we agree that the province must **exercise** some control over fisheries expansion, we do not believe that such control requires provincial ownership and we support the right of all regional development associations to own, operate and/or lease any properties either constructed by them or otherwise acquires. (NLRDC, p. 6).

This statement was based on the experience of development **associa-**  
**tions**, like **the** North Shore - Bay of Islands Development Association, who  
had cleared all the hurdles of obtaining a job creation grant to  
construct a building, except for the recommendation of the Department of  
Fisheries. Without this recommendation, the funding agency would usually  
decline to issue the grant.

The response of the Premier to the brief included the following  
reference to the ownership issue:

We cannot agree with the concept of development associations  
owning and operating processing facilities that have been built  
or expanded under various employment programmed. The reasons  
for this relate to the complications which arise with regard to  
licensing and lease fees. Obviously, in order to regulate the  
processing industry in a manner consistent with the available  
resource, there can be no expansion without the prior knowledge  
and approval of this Department (of Fisheries). Concerning the  
lease fees, there is an obvious conflict if a Development  
Association were to build or expand a facility and lease it to  
an operator at fees inconsistent with those charged for similar  
facilities owned by the Department. We have studied this  
matter in great detail and reached the conclusion that our only  
reasonable course of action is to insist on the following three  
conditions for the expansion of provincially owned facilities:

- a. Expansion must be first referred to the Department and .  
receive prior **approval** by the Department (i.e. the  
licensing question).
- b. Present operator of the plant (lessee) must give prior  
approval to need for expansion and agreement to pay the  
additional lease fees based upon uniform square footage  
rate.
- c. The sponsoring agency must give prior approval to transfer  
the completed extension to the Department of Fisheries.

This policy **is** based on a general concern that development associa-  
tions are forcing an expansion of the processing sector without due  
regard to market signals and the availability of raw materials, and that  
an operating or ownership role in the fish processing sector is not  
within the mandate of development associations. As well, the Department



feels that many associations are leasing these facilities to private operators at below market rates, and well below the rental charges on provincially owned facilities. This situation offers unfair advantages to some processors over other processors. The provincial statement is unclear on whether all new facilities obtained by development associations, or just provincially-owned facilities expanded under employment programmed, are included under the policy. However, discussions with Department officials reveal that the policy is being interpreted broadly, and the Department disapproves of any ownership or operating role in the industry by development associations. The Department recognizes there are a number of existing examples of Development Association activity in fish processing, but it does not feel that such operations are within the mandates of the Associations.

The Department interprets this policy to include other community groups, such as Fishermen Committees, but it clearly does not include co-operatives. Co-operatives are regarded in the same manner as private enterprise, mainly because they are active commercial operators competing in the same marketplace as private operators. Examples of the Department's support of the co-operative sector are a working capital loan guarantee to the Fogo Island Co-operative, the sale of two fish plants to the Fogo Co-operative for a nominal \$1.00 price, and the access to a processing license given to the Petty Harbour Co-operative.

The Development Association expansion **policy** of the Department of Fisheries exists quite apart from the general policy of a freeze on new processing licenses. It goes without saying, however, that the general **policy** also applies to community groups.

The Council **has** protested the policy position of the provincial government, but as yet with no success. Surprisingly, in a somewhat contradictory manner, in 1985 the Department condoned the expansion of the plant in Riverhead, which is owned by the Fishermen Committee, and

the construction of a salmon hatchery in Bay **D'Espoir**, owned by the local Development Association. Both facilities were built exclusively with public capital. The Department of Fisheries states that the Riverhead expansion was not transferred to provincial ownership because the **Department** is mainly concerned with exerting control over only those expansions which are adjacent to existing provincially owned plants. In a case like the North Shore - Bay of Islands plant where the new building was across the street from the provincial plant, provincial control was seen as necessary. In Bay **D'Espoir**, the Development Association incorporated a subsidiary company which would manage and hold the assets of the salmon hatchery. The Department felt that a separate company was an appropriate vehicle for the association to use, which would separate the hatchery business from the on-going activities of the association, thereby preventing the community pressures which bear directly on the association from affecting the efficient management of the hatchery.

It is worthwhile noting one further aspect of the Department of Fisheries involvement in managing on-shore facilities around the province. The Department says that community groups do not often have the financial means to maintain and repair these buildings, so it is appropriate that they are managed by the government. In most instances the Department says that community groups want to turn over these assets and that the policy works well.

Moving from policy to programmed, there are a number of programmed in the Department of Fisheries that are eligible to **CBO's** (primarily co-operatives). These include research and development on secondary processing, new processing technology, quality improvement, engineering and technical **services**, promotion of under-utilized species, aquaculture marketing promotions, and small scale **financial** assistance to community fisheries facilities. Development associations most often use the **aqua-**culture and financial assistance programmed, fishermen committees use the financial assistance programmed and Co-operatives have occasionally accessed some of the other programmed.

The community interviews produced a divided opinion on the Department of Fisheries. About an equal number of CBO's said they experienced a good relationship with the Department as those who said they had no support or serious disagreements with them. The conflicts centered around the policy on development associations, the policy on provincial takeovers and a general feeling that the Department does not support the goals of community groups.

### 8.3 THE DEPARTMENT OF RURAL, AGRICULTURAL AND NORTHERN DEVELOPMENT (RAND)

The Department of RAND is the agency that works most closely with CBO's. Development associations can avail of subsidies to cover their administration costs, capital for development projects, training in many areas of development and operations, planning and research assistance, and an extensive network of field workers who deal almost exclusively with development associations. These assistance programmed are funded through a 50/50 cost-shared Rural Development Subsidiary Agreement with the Department of Regional Industrial Expansion. Project decisions are made by Federal/Provincial Committees, but the programmed are delivered by RAND.

Co-operatives are incorporated under the Co-operative Societies Act which specifies a range of regulatory duties which are carried out by RAND officials. On the development side, RAND will provide advice and assistance to new co-operatives to help them through the incorporation process, capital assistance to new worker and producer co-operatives, and training, education and planning assistance.

Fishermen Committees do not relate to RAND directly through special programmed, but they may access these programmed through development associations.

RAND also administers financial and advisory assistance to small businesses which are available to BO's that qualify under programme criteria.

As a result of RAND's special mandate to assist CBO's to carry out development activities, RAND's policy direction is very supportive of CBO's engaging in the fish processing sector. However, this policy is tempered by the realities of expansion opportunities in the industry, and RAND's financial assistance to fisheries related projects is contingent upon approval of the line department, the Department of Fisheries.

RAND's policies are motivated by a development orientation which regards the desires of communities and regions as central issues in economic decision-making. Therefore, community groups like development associations and co-operatives are accorded an important position because they represent the interests of local people who are not often included in determining development priorities. RAND programmed provide the means for these groups to become active in economic development in all capacities from lobbying to sponsoring job creation projects to operating commercial enterprises. Of course, co-operatives are slightly different from other CBO's in that their main intent is always to operate commercially, but they still represent a wider interest than conventional private enterprise.

RAND does not encourage development associations to compete directly with private enterprise, but rather, encourages them to work in support of local businesses. As well, the Department will not invest public funds in Development Association projects that simply displace jobs from one community to another (which would happen, for example, if a fish plant was built in a community where previously the local fish was being shipped to a plant in a different community). However, RAND does uphold the right for development associations to engage in whatever type of development activity they choose, and RAND encourages them to negotiate and deal with business and government to obtain the greatest possible advantages for their areas.

RAND's policies also attempt to account for the economically depressed nature of rural areas of the province. Low incomes, high employment, a large degree of dependence on outside capital, few development alternatives and a perception of low profit potential by private investors all lead to programmed that support high risk projects and alternative vehicles to carry out these projects. In relation to fish processing, RAND programmed support community groups, who are the groups with the greatest vested interest in **develeoping** the local area, to undertake experiments and commercial activities that private enterprise might not find attractive. Often, a Development Association will induce a private operator to set up in a community once the barriers of risk and **unknown** feasibility have been set aside. Another stratgy would be to create a co-operative to retain the business in the hands of local people over the long run.

RAND policies have been criticized by other Departments for not taking a broad perspective on economic issues. For example, it has been said that RAND should not support **CBO's** in every instance when they want to establish a fish plant because this will cause economic ruin to the industry. Also, it is held that RAND should not encourage such novices as development associations to get involved in commercial enterprises which require large amounts of financing and management skill. These arguments will be considered in more detail later in this section.

The small business incentive **programme** consists of grants (up to 50 percent of capital costs of a project, with a grant limit of \$25,000) and low interest loans (up to \$25,000). The regulations of this **programme** insist that applicants have a minimum 20 percent equity position in the business, along with proven management experience and an acceptable business plan. Aside from co-operatives, **CBO's** find the equity requirement difficult to meet because they do not typically ask members to invest capital in the organization. Rather, they rely extensively on government funds for their development work. Therefore, the **business** incentive **programme** is not greatly used by **CBO's**.

From the Department's perspective, another problem that **CBO's** face in terms of RAND policies is that RAND must obtain the approval of the Department of Fisheries before investing in fishery related projects. However, it would be unwise of any government if it did not co-ordinate the actions of its own agencies.

From the perspective of **CBO's**, the opinion of RAND is quite good. The community interviews produced no complaints about policy, but there was one group that had very intense negative feelings towards RAND based on factors that were not related to fisheries. Eight other groups specified that the support and assistance from RAND was excellent and well appreciated. This finding was not unexpected because of the supportive nature of RAND's relationships with **CBO's**. It should also be noted that the interviewers who conducted the community interviews clearly identified themselves as employees of RAND, however, it is believed this factor did not bias the interview results.

#### **8.4 THE DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION (DRIE)**

**DRIE's** main purpose is to aid the expansion and competitiveness of Canadian industry. The Department's activities extend across many industrial sectors, including fish processing and consist mostly of financial and counseling assistance to business.

**DRIE's** largest programme is the Industrial and Regional Development Program (**IRDP**) which provides incentives to business in the form of grants to establish, expand, modernize or innovate. The amount of the incentive given to a business varies across the country according to the economic health of the particular region in which the business is located. The intent of the programme is to provide a regionally sensitive mechanism by which to induce greater private investment. **DRIE** also administers other industrial programmes for export market development, small business and tourism, and in Newfoundland participates in joint

development agreements **witth** he province covering rural development, tourism, ocean industries and Burin Peninsula Development.

DRIE can relate to CBO'S in fish processing in two ways: through IRDP fisheries related projects; and through the Rural Development Subsidiary Agreement, which it co-sponsors with the Provincial Department of RAND.

DRIE has taken direction from the Department of Fisheries and Oceans in establishing policy on the fish processing sector. DRIE will not provide financial assistance to projects that expand processing capacity, but it will entertain projects on secondary processing and modernization. This policy applies to **all** parties in the fish processing sector. DRIE has no policy specifically directed at **CBO's**, except as manifested in the Rural Development Subsidiary Agreement. Through this agreement DRIE provides funds to subsidize the administration costs of all development associations, and they provide a small business incentive fund to which all legally incorporated bodies may apply, including development associations and co-operatives. The agreement also supports the development activities of the Newfoundland and Labrador Federation of Co-operatives, and provides a project fund which is eligible to development associations and co-operatives.

The IRDP **Programme** is also eligible to **CBO's** as long as they meet the programme criteria. DRIE officials say that due to the requirement that the project applicant have a minimum of 20 percent equity in the business, strong business management capability, and a realistic marketing plan, most **CBO's** have not made use of this **programme**. It is mainly the co-operatives who are directly involved in fish processing operations, that can access these funds. In other words, DRIE has no preference on what type of organization should operate fish plants, but DRIE will only assist those organizations who meet their financing and business management specifications. The question of whether these criteria necessarily discriminate against **CBO's** will also be considered later in this section.

According to **DRIE**, the development attempts of some **CBO's** have run **leadlong** into the "no expansion" policy and the programme equity requirements, but these are acceptable losses due to the broader good which is gained through the policies. According to **DRIE**, preventing under-capitalized businesses from starting up, are virtuous public policy activities.

The community groups that were interviewed for this study had very little to say about **DRIE**. The only mention of **DRIE** was a positive comment that verbal support had been given to efforts to take over a local fish plant. It is likely that few **CBO's** recognize the role of **DRIE** in the Rural Development Agreement because the Department of **RAND** is the main delivery agency for its programmed. Therefore, comments related to the agreement would be directed toward **RAND**. Finally, most **CBO's** are very familiar with the range of funding programmed available for economic development and probably avoided approaching **DRIE** due to the more onerous equity requirements.

#### 8.5 EMPLOYMENT AND IMMIGRATION CANADA (CEIC)

The general policy objectives of **CEIC** relate to the **labour** market through training, mobility, temporary job creation and long-term employment development. **CEIC** delivers a wide range of programmed to fulfill their objectives, but the programmed of most concern here are those dealing with employment creation. These programmed have been the major source of capital by which **CBO's** have constructed fish processing assets.

Short-term, make-work programmed like Canada Works, New Employment Expansion and Development (**NEED**), Canada Community Development Programme (**CCDP**) and Section 38 (unemployment insurance - funded job creation), are often used to pay the significant labour *costs* involved in building a plant. Funds from other agencies will then be used to supplement the



CEIC funds to acquire materials, machinery and equipment. Rightly or wrongly, the availability of huge amounts of capital through CEIC is often blamed for the proliferation of under-utilized plants around the province.

This situation has changed in the last two years. CEIC has agreed with the Provincial Department of Fisheries to apply the policy of limiting the ownership and operating role of development associations in the fish processing sector. As well, the Federal Department of Fisheries and Oceans has successfully encouraged CEIC to add a clause to the job creation project contracts they make with CBO's, to the effect that any building which is constructed will not be converted into a processing operation. This clause eliminates the possibility that a CBO may, for example, construct a fishermen's stage through a job creation project, but when it is finished, encourage a fish processor to start a commercial operation there. Development associations and fishermen committees have been accused of using this strategy to "sneak in the back door". The combinations of these actions, along with the general policy that fisheries related projects must be sent to the Department of Fisheries and Oceans for their recommendation, has reduced CEIC's role as a source of capital for CBO's in fish processing.

This description of CEIC's position should be qualified in one important respect. CEIC is mainly interested in job creation and community development, not in delivering a fisheries programme. It is easy to perceive how these two points of view would come into conflict, for example, where a new fish plant may create 30 new seasonal jobs, but it may also increase processing capacity to the detriment of the industry. Although CEIC has a general sensitivity to the over-capacity problem, their current programmed restraint in the area of fish processing must be credited to the Federal and Provincial Departments of Fisheries.

The employment development programmed of CEIC are currently in transition under the Canadian Jobs Strategy, and the most important changes for **CBO's** are that Canada Works and the Local Employment and Development (LEAD) programmed are being phased out. The new programmed that parallel the old ones are Job Development and Community Futures. The Job Development Programme provides skills training and work experience **to long-term** unemployed people and differs from the old Canada Works insofar as it emphasizes training objectives over make-work objectives. The Community Futures Programme is not yet in operation.

**CBO's** are eligible to apply for these and any other employment related programmed of the Department. Criteria for these programmed are flexible and will cover up to 100 percent of costs for non-profit organizations, which cover all **CBO's** including co-operatives. Due to the wide scope of these programmed, conflicts that do arise between **CEIC** and **CBO's** who want to set up fish plants usually revolve around implementation of fisheries policy. In these cases, CEIC will let the CBO settle the policy issue with the line Department, and then be guided by the resolution.

The omnipresent position of CEIC in financing **CBO's** fish processing projects is undisputable. Sixty percent of community groups interviewed identified **CEIC** as a major source of capital for their operations, mainly during the start-up phase. However, it is surprising that not one group had a comment to make on the quality of their relationship with **CEIC**. While **CBO's** had very definite opinions on the fisheries departments and RAND, they were almost completely neutral on **CEIC**. It is difficult to determine with certainty why this situation exists, but it may be due to **CEIC's** role as a source of funds, rather than a source of development policy direction. This perceived role may change in the future as training objectives of the Canadian Jobs Strategy come to dominate the granting policies of the Department.

806 THE DEPARTMENT OF DEVELOPMENT AND TOURISM

The Department of Development and Tourism delivers industrial and small business programmed to expand the production and improve the competitiveness of Newfoundland businesses. The Department also has special responsibility for the tourism industry. In many respects the Department is the provincial counterpart to DRIE, and because its mandate covers most industrial sectors it has direct involvement in the fish processing sector. However, due to the special development programmed for **CBO's** residing in RAND, Development and Tourism has minimal interaction with the community-based sector.

The programmed of Development and Tourism which are eligible to **CBO's** are: loan guarantees, market and product development, retail sales tax exemption, technical assistance and loans and advisory services through the crown-owned Newfoundland and Labrador Development Corporation. However, the only **CBO's** which have used these programmed are the co-operatives because the programmed are aimed at active commercial operators, whereas most other **CBO's** typically own plants and lease them to operators. These programmed also require a substantial equity commitment in the business, something which is more easily generated in a co-operative. Development and Tourism does not differentiate between **CBO's** based on their organizational structure; they simply regard **CBO's** as having a larger number of shareholders than private companies. All programmed are eligible to **CBO's** as long as they meet the **programme** criteria. Project proposals are given the same analysis whether it is from a CBO or a conventional private company.

The relatively infrequent involvement of Development and Tourism in CBO activities is reflected in the community interviews. No **CBO's** mentioned this Department when commenting on their relationship with government. This finding is not unexpected and simply reflects that **CBO's** in fish processing do not regard Development and Tourism's programmed as primary sources of capital or assistance.

## 8.7 ISSUES IN GOVERNMENT POLICY

The above descriptions of policies and programmed of government as they relate to **CBO's** in fish processing, bring to the fore a number of general policy issues. For the most part, the general issues underlie the varying treatment that **CBO's** receive from different departments, and they concern unstated assumptions which agencies use in dealing with community groups. These issues need to be brought into clearer focus before public policies can realistically address the problems of the community-based sector.

### 8.7a Community Development Versus Industrial Development

It is clear from the policies of DFO, the Department of Fisheries and DRIE that the need to promote orderly development of the fish processing industry is paramount over all other processing sector policy objectives. These departments contend that unless business is allowed to react to clear market signals, and unless government restrains itself from supplying unwarranted public subsidies, and unless the level of fish processing capacity **is** matched with the available resource, then the success of the entire industry may be at risk. Furthermore, if the industry fails, then all the communities that rely on it will suffer. Therefore, it is ultimately in the best interests of communities to let the private sector develop the fish processing industry according to business criteria. If at times this direction produces a loss of jobs due to productivity increases, or if a plant fails due to marginal profits and poor quality, then these are acceptable casualties in achievement of the greater good. Although this description may over-emphasize the single-mindedness of this **viewpoint**, it is basically correct, and it directly informs the industrial development policies of these departments.

The community development perspective has a different starting point than the industrial development view. Community development regards the existence and health of the community, or the rural region, as the case may be, as central to all development decision making. As well, local people are encouraged to become involved in the development planning that affects their future so that the community will evolve according to their own desires. The mechanisms open to communities to achieve these goals span the range from encouragement of private investors to enter specific industries, to coercing private investors to perform certain functions, to actually owning and operating commercial ventures on behalf of the community. Communities may also take action in response to a crisis, such as a plant shutdown. Whatever actions a community takes, they will have to be achieved within the existing market economy so that the community **is** not continually dependent on government largesse. In this manner, the development activities of community groups are usually not radical; they accept the structures of the market and free enterprise logic. Indeed, community development efforts usually go hand in hand with small business development and promotion of a healthy private sector.

The Departments of RAND and **CEIC** support this community development concept, especially by supplying the means for community groups to take charge of the **local** development process. In particular, RAND's development philosophy is that economic development must serve the interests of local people, and assistance must be provided to make this happen. **CEIC** does not have as explicit a philosophy, but it has furnished much of the capital which **CBO's** have used in their development efforts.

The existence of these two development viewpoints would not pose a problem if their **programme** outputs were mutually exclusive. However, the fish processing sector is important to both industrial

developers and community developers, and **CBO's** are standing right in the middle. The industrial development view says that the available resource is being stretched over too many plants, thereby **creating** marginally profitable businesses and an inefficient use of private and public capital. The community development view points out that efficiency is a worthwhile goal, but in certain circumstances greater social returns in terms of jobs, lower social assistance and lessened dependence will result from spreading out fish processing operations, even if the profit margins decline slightly.

Unfortunately, the trade-offs between the two types of development are not so clearly evident in the real world and adequate measures of efficiency, social returns and profit margins are not usually available. An acceptable compromise between the two points of view is probably the major issue of government policy for **CBO's**.

#### 8.7b The Business Capabilities of **CBO's**

Most of the officials interviewed in this study commented on the apparent lack of business capabilities possessed by **CBO's**, excluding co-operatives and wondered whether they should be **involved** on the commercial side of fish processing at all. In relation to their departmental programmed, officials felt that **CBO's** did not possess the financial skills, the ability to manage an industrial operation, or the experience to effectively market a product, that would be required to qualify for assistance. Although **CBO'S** were theoretically eligible for many of these programmed, they would probably not receive assistance due to their business inexperience. Possibly in recognition of their limited skills, most **CBO's have** refrained from directly operating a fish processing business and have leased their premises to private operators.

Co-operatives were regarded as possessing more competence in business management skills than other **CBO's**. This was attributed to their need for such skills when in the marketplace in daily competition with other commercial enterprises. However, even co-operatives did not have a spotless image, being chastised for paying too much attention to members individual interests rather than the rational stewardship of the businesses.

The central problem from the public policy perspective is how to transfer the necessary business skills to **CBO's** for them to be able to adequately manage their development activities. Most government programmed do not provide mechanisms to help eliminate business skill deficiencies in **CBO's**. Rather, they approve or reject proposals based on current skill levels. In this manner, many programmed discriminate against **CBO's**.

The responsibility for upgrading business skills should obviously rest with each CBO **individually**, but from a government perspective it should rest with the department closest to **CBO's**, the Department of RAND. Charged with the responsibility to support and assist these groups, RAND should also deliver programmed that train volunteer/democratic development groups how to manage commercial assets **and** complex manufacturing venture such as fish plants. Such training will allow **CBO's** to be more effective developers, and to integrate more easily with development resources in other government departments and financial institutions.

#### 8.7c Organizational Structure and Mandate

It has been argued , mainly by the Department of **Fisheries**, that development associations and other community groups (excluding co-operatives) should not have any ownership or operating role in the fish processing sector because of their organizational structure

and their mandate. It is posited that these groups are non-profit associations intended simply to promote and encourage private sector development and, therefore, they should not compete with these same enterprises.

The weakness in this argument is that a non-profit enterprise is legally permitted to engage in commercial transactions as long as the objective of the organization is not to earn a **profit** and distribute it for private gain. Therefore, it is the decision of each development association whether or not it wishes to pursue an active role in the fish processing industry. Development associations do indeed suffer handicaps such as a diffuse membership from which it is difficult to generate equity capital and inadequate credibility with financial institutions who perceive development associations as high risk debtors, but these are merely barriers to be overcome if the association wishes to become commercially active. The mandate of a development association does not prohibit involvement in fish processing and this development option should not be arbitrarily ruled out by government policy.

In actual fact, the critical problem which the Department of Fisheries should deal with is how to eliminate free, make-work capital from flowing into the fish processing industry through **CBO's**. It is the availability of this capital, and not the existence of **CBO's**, that allows capacity to be so easily expanded and leasing fees on these plants to be exceedingly low.

It was mentioned by a number of officials that it might be easier to deal with development associations if they incorporated subsidiary companies to undertake commercial operations. The benefit of a separate legal structure would be to isolate the business from the other activities of the development association, and clarify the locus of responsibility and management. It would

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allow a business of the development association to stand or fall on its own, without necessarily harming the rest of the association's activities. This commendable suggestion has been used by the Bay D'Espoir Development Association and is being **investigated** by a number of other association.

#### 8.7d Politics

Politics is involved in the operations of **CBO's** at two levels: local community politics as manifested within the CBO; and federal and provincial politics where M.P.'s, **M.H.A.'s** and Cabinet Ministers are pressured to support local projects. Department officials say that both types of politics affect the logic of **programme** delivery and a **CBO's success**.

At the **local** level, inter-community rivalry and sparring between cliques can cause the subordination of the goals of the CBO in order to satisfy particular interests. This **problem may cause a** community owned business to be run inefficiently (i.e. by hiring workers from each community, rather than hiring the best workers wherever they reside). Consequently, the success of development efforts is decreased, and the credibility with financial institutions and other development agencies is harmed.

At the federal and provincial levels, **CBO's** frequently request the support of elected politicians in obtaining a grant. At times this request can come in the form of considerable local pressure and the politician may be forced to use political resources to have a project approved. Financial assistance programmed are **ordinarily** operated according to consistent criteria and procedures, and the intervention of a politician in this bureaucratic domain is often the cause of anxiety and resentment, not just against the politician but against the community group. The officials interviewed for this study commented that **CBO's** can muster considerable political force when they need to, but such tactics can destroy the **logic** of what is otherwise a good **programme**.

The perspective of **CBO's** on the issue of politics is decidedly quite different. Local politics is a fact of life which cannot be ignored, but **CBO's** are coming to recognize that once committed to a project, the success of the-project must be more important than community rivalries. Evidence of this recognition is the implementation of conflict of interest by-laws and hiring guidelines by many groups.

Pressure on federal and provincial politicians is a tactic which **CBO's** keep in their arsenal and will use if necessary. **CBO 'S** are not always in agreement with the decisions of government **programme** managers and political action is regarded as legitimate in the interests of local development. The reasons for resorting to political pressure are similar to the differences between the industrial and community development perspectives. **CBO'S** regard the health and viability of the community as the starting point in development planning, and if government programming does not recognize this goal, then the programme must be prodded in the right direction. A coalescence between the goals of **CBO's** and the goals development programmed will undoubtedly reduce the use of political pressure.

1. Although **CEIC's** main emphasis is on **labour** market adjustment, programmed such as Canada Works and LEAD have either been specifically directed at community development, or have been effectively utilized for this purpose by community groups. It **is** uncertain whether the new initiatives of CEIC under the Canadian Jobs Strategy will display a change in emphasis.
2. Data on financial assistance by the various Departments to **CBO's** can be found in Appendix C, page 134.
3. In fact, the Co-operative Societies Act, 1971 disallows co-operative members to reclaim any amount greater than their purchased share capital upon the liquidation of a co-operative. Surplus funds must be given to a registered charity or be used for general co-operative education or development purposes.

ADVANTAGES AND DISADVANTAGES  
OF COMMUNITY BASED ORGANIZATIONS

## 9.0 INTRODUCTION

The preceding chapters have basically outlined the present situation **of** CBO activity in the fish **procesing** industry, describing from various angles the circumstances surrounding CBO involvement. The final chapter presents **recommendations** concerning the future of this involvement. Before proceeding to that discussion, it is necessary to summarize the advantages and disadvantages of **CBO's**. This summary concentrates on the economic **factos**. over the social. It would be far too difficult to measure the total impact on social indicators such as preserved heritage, individual growth and leadership development.

### 9.1 ADVANTAGES

The greatest single advantage of CBO controlled development activity is that it is community or regionally oriented. It works within, and indeed develops out of, the unique **socio-economic** context in which it finds itself. This type of development is internally arrived at, not externally imposed. There have been numerous major problems, in this province, with development policies which were enacted without local input. Not only were many of the policies disruptive to the lives of the people affected, they did not utilize the local resources in the most . appropriate fashion. This meant that resources were often underutilized or incorrectly exploited. If the development had been more people and future oriented, these problems would have been avoided.

**CBO's** recognize both the right and the responsibility of local people to participate in development which affects their lives. CBO initiated development is directed by the local context and considers both the needs and priorities of the **people** as well as the appropriateness of the development to the local resources. In other words, when a community determines that it has an identity, a uniqueness which is valued by its citizens, the people strive to maintain that community. It is, of

tour se, necessary to be able to support the community economically, but this should be accomplished through development which is suitable or appropriate to the community's lifestyle and resources. This is one of the greatest advantages of **CBO's**, that they recognize the value of local people and their lifestyle and operate accordingly.

Community-based organizations are community oriented, not profit oriented, which **is** their second advantage. Private businesses are profit oriented. It is the nature of the business and the goal of being in operation. The needs of local people and the preservation of future resources may conflict with this goal and are, therefore, generally of secondary importance. In the event that **a processing** facility is not making sufficient profit, the operator may, for his own best interests, shut down operations. The devastating effect this has upon the local people, especially where this plant is the single greatest source of employments, **is** not the prime consideration. Community-based organizations operate in an opposite manner. **CBO's** are made up of local people, representing the **local** population at large or some sector of that population. Their goals are to serve **local** needs. profit **is** of secondary importance. **CBO's** will operate a plant having only marginal returns or that loses money in the short-term if necessary to maintain employment in the long-term. **CBO's** may make other decisions which are more people oriented than business oriented. This may mean the necessity of not operating at best efficiency, but is ultimately fairer to the community at large. It is apparent that such an approach will benefit the local people in ways that operating the plant for purely financial ends could not afford. However, the de-emphasizing of profit-making and sound business practices may be one of the biggest disadvantages of **CBO's**, as well as being one of the greatest advantages. This will be discussed further in the next section of this chapter.

Looking at the issue of profits from a conventional accounting perspective, a CBO needs to maintain a healthy bottom line to satisfy

its creditors and to maintain its capital, however, the decisions on how it distributed its surplus is markedly different than a private business. Whereas, as private **business** will strive to maximize profits and then share these profits between retained earnings and dividends, the CBO will consciously share its profits on additional employees (**i.e.**, before the bottom line is calculated), **re-investment** in the business, or dividends to the widespread membership (the community). In other words, **CBO's** must be very concerned about making a profit, but they have a different way of distributing the profit.

The third major advantage of **CBO's** is that they are responsible for injecting large amounts of money into their communities. Obviously, the operation of the processing facility creates employment and provides incomes. In Section 6.1, page 54, it was reported that the CBO sector of processing, meaning only those **CBO's** directly involved in operating or leasing a **facility**, created jobs for 1,493 plant workers in 1984. Also, in 1984 all CBO communities the total number of fishermen was 2,651 (including both full and part-time fishermen). It is questionable in many of the case studies investigated here whether the processing facilities would be operational or at least operating as they are if the **CBO's** were not involved. For example, on Fogo Island the private operators shut down operations. The co-operative stepped in and operated the facilities themselves. Without the intervention of the **co-op**, the livelihood of the island residents would be severely threatened. In Jersey side and surrounding area, the closure of the United States Armed Forces Base at **Argentia** had a devastating effect on the employment situation. The local development association sought to find alternatives for employment creation. After identifying the fishery as having the most potential, the **Placentia** Area Development Association spent years acquiring funding through various sources and constructing the plant. In spite of problems with operators leasing the plant, the association has succeeded in creating a number of jobs each season in an area overwhelmed by unemployment. The intervention by the community-based organizations in these two areas was essential in maintaining and creating employment opportunities. This experience is true for most of the case studies.

Beyond creating employment directly through the operation of the plant and through the support of the local fishermen, **CBO's** inject huge sums of money into their areas by accessing various funding programmed and implementing community development projects to construct, improve and/or maintain their facilities. Appendix C provides a list of some of the projects which have been carried out by the community-based organizations referred to in this study. It is only a partial list and probably quite a small proportion of the actual funding received. It was very difficult to assemble data on all the projects for the same reasons why there were problems with the data collection in general, as outlined in the methodology Section 2, page 23. Through these projects, **CBO's** have created at least hundreds of local goods and services has further injected needed monies into local economies.

The fourth advantage of **CBO** activity in the fish processing industry in this province is that the fishing industry itself is supported (see Section 6). By providing an outlet through which fishermen can sell their catches and have that product sold, **CBO's** support the industry as a whole. **CBO** activity is largely concentrated in the inshore fishery which is **labour** intensive and the traditional form of fishing for many of the study communities. The inshore fishery has been in jeopardy in recent years due to poor landings, but also due to the processing of the substantial offshore catch and the increasing importance of species other than cod. Being geared towards local needs the **CBO** operated and leased plants concentrate on filling this gap by concentrating on processing whatever is the most prevalent catches in their areas. In this way **CBO** activity is responsible for enabling fishermen in several communities to continue fishing as they have always done.

Other disadvantages are that community ownership and investment, especially in a co-operative, can improve **labour/management** relations. The involvement of fishermen in the processing industry creates a new awareness of the problems and demands of each sector. The on-the-spot experience is an education process. Another education process is



ongoing with the volunteers as they develop in terms of leadership abilities and management skills. These skills develop in response to the day-to-day needs of a business operation.

## 9.2 DISADVANTAGES

Community-based organizations owe a great deal of their activity to the hard work and commitment of volunteers. This is, of course, less true specifically for the producer co-operatives whose members ultimately hope to receive direct benefits back from the co-operative effort. However, experiences show that for **co-ops** to succeed there must be a dedicated core group. Their efforts are not individually motivated, but are for the group and the community as a whole. This is particularly true in the formation stages of the **co-op**. However, in the case of the Petty **Harbour** Fishermen's Co-operative Society Limited, the volunteer efforts of the Board and the members at large have been substantial throughout the history of the co-operative. Members often volunteer their time and energies to help out on infrastructure projects for the plant and community.

Development associations and community action groups are dependent upon volunteer effort. Volunteers make or break a development **association**. This is especially evident when associations become temporarily inactive due to the burn out or diminishing commitment of volunteers. It is equally evident when strong volunteer investment results in the successful implementation of development projects. The Twillingate-New World Island-Change Islands Development Association works smoothly and effectively because of the shared commitment and goal orientation of its volunteers.

Volunteers are indeed an essential ingredient to the successful operation of any community-based organization. However, the dependence upon volunteers may also be one of its biggest drawbacks. Volunteers

are-, by definition, people who give of their free time and their skills for the betterment of a larger body. Consequently, their time is limited and the group has little choice over what skills are brought to it. Most **CBO's** operate with limited time and limited skills. In owning or operating processing plants this may be a crucial factor. It is a credit to many **CBO's** that they have recognized this fact and restricted their involvement to the extent their time and abilities can handle. The Bay St. George South Development Association, for example, recognized that to maintain and operate the two buying stations at **Fishell's** and **Crabbe's** River would require substantial time, energy and money, which it perceived as being too big a drain on the association's resources. The organization limits its participation at this point to having an input into the choice of operator and how the facility is run.

Being at the community or regional level means that **CBO** concerns are very self-oriented, very restricted. The fulfillment of local needs within its own circumstances and utilizing its own resources is the goal of the **CBO**. This limited focus geographically may be a disadvantage in the operation of the **CBO** if one community's goals conflict with a similarly motivated group in a neighboring community. This is the case in **Baine Harbour** where the **Baine Harbour** fishermen are not at all supportive of the attempt by **Red Harbour** fishermen to construct a fish plant in that community. The **Baine Harbour** fishermen feel that the new plant will result in a decrease in the amount of catch landed at that community's plant.

In the Winterhouse Brook case study community rivalries were at least partially responsible for the proposed processing facility being built in Winterhouse Brook, not **Rocky Harbour**, as recommended by the consultant. Local politics and rivalries may work against the optimum successful running of processing facilities.

A CBO may also run into problems when community goals conflict with operating the processing facility as a business. In that profit making is not the main motivation for operating the business, the facility may be at best marginally successful, but deemed successful by the local population because it maintains jobs and elevates incomes. The lack of specific information gathered during the interviews concerning the financial operations of these organizations, results from two factors. First of all, for many of the organizations, their role is one of mediation or lessor of the plant. Therefore, the operator is a private businessperson who would not reveal any financial records. Secondly, it was found during the interviews that the **CBO's** were concerned much more with the fact that the plant was operational and providing jobs than it was in whether or not the operation was making a profit.

These issues are only problems when the processing facility is not self-supporting or depends too highly on outside sources of capital. That the plant does not make a profit is not in itself a major issue because the goal is to provide employment for the betterment of the community. It becomes an issue when the lack of that profit threatens the future operations. Consequently, **CBO's** have to consider the profit potential of their activities to the extent that the plant must be kept running. In achieving this end, problems may occur if **CBO's** have to **make** decisions which, in the short-term, oppose community goals, but will be of greater benefit to the community in the long run.

Co-operatives are different in many ways than other **CBO's** and are treated differently than development associations, for example, by government funding and other private loan agencies. They must, for the good of the **co-op**, be more business oriented than other **CBO's**. **Co-ops** still do not operate solely for profit and their goals are, of course, community or regionally oriented. However, they must make choices sometimes which are not well-received by the local population. The Torngat Fish Producers Co-operative is one example. They have been

forced by the necessity to improve their financial situation to make decisions which are unpopular **in** several communities. These decisions are essential to the long-term existence of the **co-op**.<sup>1</sup>

The table in Appendix C, page 134, shows that **CBO's** receive substantial amounts of funding, both in the form of grants and loans. It is true that **CBO's** have trouble generating capital within their own communities and it is also true that private operators, due to the marginality of the fishing industry, are unable or unwilling to lay out large capital investments for facilities they do not own. As well, **CBO's** tend to lack credibility with the private financial institution. Therefore, government funding programmed are turned to for these needs. This can create several problems. First of **all**, many of the programmed are not specifically designed to be accessed in the form needed by the CBO. There may be a greater concentration on **labour** over materials. Specific segments of the **populatin** may have to be used as the **labour** pool, potentially limiting the access to necessary skills. Secondly, programmed may be discontinued due to government restraints, leaving **CBO's** without the sources they have depended upon. Thirdly, **CBO's** may not be taken seriously as independent business operations when the bulk of their financing is from public funds. The dependence of **CBO's** on government funding is difficult to alleviate. CBO'S form in marginal communities through local initiative and volunteer effort. There exists in the community few, if any, development opportunities outside of the fishery. The operation of the fish plant may mean the survival of the community. Therefore, government investment should be weighed upon one hand against the potential closure of the plant and the loss of employment and income this would mean on the other hand.

#### CONCLUSION

In comparing the advantages and disadvantages, it **is** felt that the advantages far outweigh the disadvantages. The problems with a

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dependence upon unskilled volunteers can be overcome in time through on-the-job training supplemented by business assistance training through government agencies. Community orientation **is** the greatest advantage of CBO development. The commitment of local people is the special **ingredi-**ent which determines success. Where **community** goals conflict with business goals, proper explanation and discussion among the people will show that the business decisions are ultimately essential to maintaining the **opera-**tion. The lack of financial assistance could be alleviated by a review of current programmed and policies and the formation of new programmed to serve this development sector. The problems with **CBO's** can be overcome. The gains experienced in rural Newfoundland through the CBO sector in Newfoundland and Labrador in terms of employment, incomes and community preservation make the work required to overcome the problems worthwhile.

SECTION 9

FOOTNOTES

1. Department of Fisheries and Oceans, Status of Fisheries Co-operatives in Newfoundland and Labrador (St. John's, 1985), p. 13.

CONCLUSIONS AND RECOMMENDATIONS

## 10.0 INTRODUCTION

The twenty-seven case studies presented in this report are representative of a wide range of activity ongoing throughout Canada. This study has investigated only one resource sector, the fishery, and even then the discussion has been restricted to the processing industry. The fish processing industry is interesting because of its employment and income potential, particularly in light of the poor economic climate of the province of Newfoundland and Labrador. **CBO** activity presents a "new" and innovative way to create and develop employment opportunities in marginal communities.

## 10.1 SUMMARY AND CONCLUSIONS

Of the twenty-seven cases presented, nine are directly involved in owning and/or operating processing facilities. These **CBO's** are producer co-operatives, with the exception of the Shrimp Union Co. Ltd., which leases three provincially owned plants. Development associations and fishermen's committees may own plants, but there is no example of one operating the plant as well. (Development Associations generally establish businesses with the goal of turning them over to private operators.) Development associations also recognize the high level of personal commitment which must be made in terms of time and energy, to maintain such an operation. The volunteers know that such an operation could tax their human and financial resources beyond their limits, and so they prefer to limit their involvement. **Fishermen's** committees experience similar concerns. Community action groups are concerned not with owning or operating the plant themselves, but with ensuring that the needs of local people are met. They accomplish this by having a major say regarding the selection of the plant leasee.

In comparing the study communities with a randomly selected group of communities, felt to be basically representative of rural communities



throughout the province, it was found that the differences were generally minimal. The only significant difference was that the study communities have a greater dependence upon the fishing industry than do the sample communities. Also, there was a higher incidence of unemployed females in the **labour** force of the study communities than in the sample communities. This is probably the result of the heavy reliance upon the fishery which translates into limited employment opportunities for women. The predominant role of the fishery as a source of employment explains **partially** why CBO involvement in the fish processing sector developed in these communities.

The community-based organizations in this study tended to develop in response to needs of the local fishery. The needs were generally ongoing problems such as a lack of fisheries infrastructure or dissatisfaction with the local buyer. A one time specific economic crisis was mentioned by only six of the 2-7 case studies as being the motivating force behind why the **CBO's** were formed. In three of these cases, the crisis was fisheries related, involving the close out of local fish plants. It **is** apparent from these cases that the fishery is the central resource sector around which development is initiated in these communities.

Wisner and Pen, and Jackson, for example, write that marginal communities with limited development choices tend to turn to **community-**based economic development. Local people perceive a need which is not recognized or else not given priority by external development agencies. To meet this need, while preserving a way of life which is considered to be valuable and worth preserving, they take responsibility for their own economic circumstances through the formalized activity of a **community-**based organization. it is an ongoing process of education, motivation and development.

Community-based organizations become involved in the fishery because it was the predominant source of employment in their areas. It was also recognized as having the most potential. The first step into fish processing came as a result of local fishermen expressing a dissatisfaction with the local fish buying situation. Either the current buyer was not meeting the needs of local fishermen or else there was no buyer in that community at all. To better serve the fishermen in ensuring a local sale of their catch and to maintain or create jobs in the processing sector, **CBO's** became involved at various **levels** in the processing sector.

**CBO** activity in processing is a significant factor in the Newfoundland fishery. **CBO** activity tends to be concentrated in the inshore fishery. This is **labour** intensive and tends to fill in the gap left by many other processors who are forced by market trends to process the more **lucrative caplin** product or to buy the large fish brought in by the offshore boats. In 1984 **CBO** plants employed 1,493 workers in those facilities actually owned and/or operated by **CBO's**. All **CBO** plants support over 2,000 fishermen. This is a conservative estimate concentrating only on the fishermen directly in the communities where the plants are located. For those communities, without **CBO** involvement the processing facility would either not be operational or would not run as it currently does (processing local catches which were difficult to sell elsewhere, running for longer periods and so on).

**CBO's**, then by their very nature, develop out of the local context and direct activity back into that context. The emphasis is on getting **local** people involved, meeting their needs, and utilizing local resources. Generally, operations are small-scale, **labour intensive** and locally oriented. They are representative of the **local** populace and have such a narrow focus that they can conflict with more far reaching **policy** decisions. The local focus is the basis for **why these CBO's exist**. The local commitment and investment is the driving force which makes these

" **plants** operate successfully where private operators would not be **success-ful**, having a different set of goals. For example on Fogo Island private operators *were* to close out because the operations were not feasible according to the profit goals **theywere** trying to meet. The **Fogo Island Co-op** took the facilities over and reduced their **pfoti** goals and maximized community goals, successfully operating the plants.

The provincial and federal governments have policies and programmed which affect CBO activity. The federal Department of Fisheries and Oceans is concerned about the overcapacity of processing facilities, therefore, they try to discourage all groups including **CBO's** from building further processing facilities. The provincial Department of Fisheries is equally concerned with resource management, but singles out development associations and similar **CBO's** as being ineligible to acquire processing **licences** due to their perceived inability to operate a facility, notwithstanding the current successful activity by **CBO's**. The Department of Rural Development, as part of its community development mandate, assists and encourages involvement by **CBO's** in the processing sector, when feasibility studies indicate that the operation could be successful. Other departments, notably CEIC, supply development funding for infrastructure, equipment, **labour** and so forth to construct and maintain the operation. The review of government policy has shown that co-operatives face the same barriers as other **CBO's** in accessing licenses or industrial development assistance. However, co-operatives have many of the same community development problems as other local organizations, and equally require more sensitive government programming.

There were both advantages and disadvantages to CBO activity, but it is felt that the high number of jobs created or maintained by this activity which might not otherwise be possible **would** indicate that the advantages outweigh the disadvantages. Further to this, the involvement of local people in the development processes which effect their lives is a major incentive to applaud CBO involvement.

The ramifications which CBO activity has for the deployment and income situations in many of these and other communities throughout Newfoundland and Labrador, dictates that community-based economic development be considered as one alternative in the choice of strategy for economic development.

## 10.2 RECOMMENDATIONS

A number of recommendations follow from the conclusions reached through this overview of community-based participation in the fish processing industry in this province. They are listed below. It is recommended:

1. That **CBO's** be viewed as individual cases and that each one be considered in the light of its own unique circumstances, including the needs of the local people. All **CBO's** should not be arbitrarily eliminated from participation in the processing sector due to inflexible policy decisions.
- 2\* That **CBO's** be recognized as representative bodies which are fulfilling a need in their areas which is not being met through other agencies and that they be given the appropriate technical and financial assistance to meet this need.
3. That **CBO's** be viewed as an alternative from of **socio-economic** development and not as a threat to private operators.
4. That financial assistance from government agencies provided to **CBO's** be compared to the assistance provided to private operators to assess the rate of return in terms of jobs created, incomes generated, and related economic **indicators**. **Socio-cultural** factors of maintaining and preserving rural communities **should** also be considered in this analysis.

5. That an advisory agency be established to provide technical and business training to CBO executives to assist them in operating their businesses more efficiently and in maximizing the benefits to the local people. Such an agency should be a joint endeavour between the provincial Department of Fisheries and the Business Development Division of the Department of Rural Development.
  
6. That a joint committee be established with representatives from both the provincial Department of Fisheries and the Department of Rural Development to review government policy as it relates to community-based organizations.

APPENDIX A

LIST OF CASE STUDIES AND LOCATIONS OF PROCESSING FACILITIES

| <u>ORGANIZATION</u>   | <u>LOCATION OF FACILITY</u>   |
|---|---|
| 1. <b>Barachois</b> Development Assoc.                                  | St. George's  |
| 2. Bay St. George South<br>Development Association                      | Crabbe's River<br><b>Fischells</b>                                  |
| 3* Bonne Bay Development<br>Association                                 | Winterhouse Brook   |
| 4. Cape Shore Area<br>Development Association                           | Branch  |
| 5* Codroy Valley<br>Development Association                             | Codroy  |
| 6. Eastport Peninsula Committee<br>for Development of Progress          | Happy Adventure   |
| 7* Fermeuse Fishermen's Committee                                       | Fermeuse  |
| 8. Fogo Island Producers'<br>Co-operative Society Limited               | Mary's <b>Harbour</b><br>Tilting<br>Seldom<br>Joe <b>Batt's</b> Arm |
| 9. Fortune Bay Co-operative<br>(attempt)                                | Fortune   |
| 10. Fortune Bay North<br>Development Association                        | <b>Belleoram</b>  |
| 11. <b>Gambo-Indian</b> Bay<br>Development Association                  | Dover   |
| 12. Labrador Fishermen's Union<br>Shrimp Company Ltd.                   | Mary's <b>Harbour</b><br><b>L'anse</b> au Loup<br>Cartwright        |
| 13. Lower Trinity South<br>Development Association                      | New <b>Perlican</b>   |
| 14. North Shore-Bay of Islands<br>Development Association               | <b>Cox's</b> Cove   |
| 15. Petite Forte Fishermen's<br>Producers' Co-operative<br>Society Ltd. | Petite Forte  |

| <u>ORGANIZATION</u>  | <u>LOCATION OF FACILITY</u>                   |
|--|---|
| 16. Petty Harbour Fishermen's Producers Co-operative Society Ltd.  | Petty Harbour                                 |
| 17. <b>Placentia</b> Area Development Association  | Jerseyside                                    |
| 18. <b>Placentia</b> West Development Association  | <b>Baine</b> Harbour                          |
| 19. Port au Port Economic Development Association  | <b>Picadilly</b>                              |
| 20. Red Bay Producers Co-operative Society Ltd.  | Red Bay                                       |
| 21. Red Harbour Fishermen's Committee  | Red Harbour                                   |
| 22. St. Lawrence Action Committee  | St. Lawrence                                  |
| 23. St. Mary's -Bay Center Development Association in conjunction with the Riverhead Fishermen's Committee | Riverhead                                     |
| 24. Torngat Fish Producers Society Ltd.  | <b>Makkovik</b><br><b>Rigolet</b><br>Hopedale |
| 25. <b>Twillingate-New</b> World Island-Change Islands Development Association                             | Whale's Gulch                                 |
| 26. Upper Trinity South Co-operative (attempt)   | South <b>Dildo</b>                            |
| 27. Wild Cove Fishermen's Committee  | Wild Cove                                     |



APPENDIX B

The interviews of Government officials were open-ended discussions guided by a list of questions on the following topics:

current policy toward **CBO's** in fish processing;

- programmed available to **CBO's**;

role of **CBO's** in the fish processing sector;

the appropriate role of the **CBO** sector in relation to the conventional private sector;

conflicts between **CBO's** and departmental policies.

APPENDIX C

FUNDING RECEIVED BY COMMUNITY BASED  
ORGANIZATION BY FUNDING PROGRAM, AMOUNT AND USE

| <u>NAME OF<br/>COMMUNITY-BASED<br/>ORGANIZATION</u> | <u>FUNDING PROGRAMME<br/>AND TYPE OF FUNDING</u> | <u>AMT. OF<br/>FUNDING</u> | <u>USE OF FUNDING</u>  |
|---|--|----------------------------|--|
| <b>Barachois</b><br>Development Assoc.              | Various Community<br>Dev. Projects (G's)         | Approx.<br>\$200,000       | Unspecified (probably<br>used <b>in</b> major<br>construction) |
| <b>Bonne Bay</b><br>Development Assoc.              | RDSA I (G)                                       | 28,000                     | Feasibility Study  |
|   | RDSA I (G)                                       | 50,000                     | Unspecified  |
|   | RDSA I (G)                                       | 25,000                     | Unspecified  |
|   | RDSA 11 (G)                                      | 14,000                     | Backfilling, Waterline<br>and Electricity                      |
|   | RDSA I (G)                                       | 100,000                    | Major Construction   |
|   | Section 38 (G)                                   | 43,100                     | Complete Floor   |
|   | Canada Works (G)                                 | 26,320                     | Fisheries Infrastructure<br>for plant-breakwater               |
| Cape Shore Area<br>Development Assoc.               | Provincial Fisheries<br>(G)                      | 5,000                      | Facility Improvements.   |
| Labrador Fishermen's<br>Shrimp Union Co. Ltd.       | Provincial Fisheries<br>(G)                      | 10,400                     | 520 Crab Pots  |
|   | Provincial Fisheries<br>(G)                      | 1,725                      | 2,300 <b>lbs.</b> of rope                                      |
|   | Provincial Fisheries<br>(L)                      | 150,000<br>(Lapsed)        | Unspecified  |
| Fogo Island<br>Co-operative                         | RDSA II (G)                                      | 36,400                     | Purchase of fish plant<br>equipment                            |
|   | Canada Works (G)                                 | 80,000                     | Ice Facility   |
|   | Canada Works (G)                                 | 80,334                     | Dyke Construction  |

| <u>NAME OF<br/>COMMUNITY-BASED<br/>ORGANIZATION</u> | <u>FUNDING PROGRAMME<br/>AND TYPE OF FUNDING</u> | <u>AMT. OF<br/>FUNDING</u> | <u>USE OF FUNDING</u>   |
|---|--|----------------------------|---|
|   | Canada Works (G)                                 | 150,000                    | Ice Facility ( <b>Fogo</b> )  |
|   | Canada Works (G)                                 | 75,000                     | Fish Plant Improvements<br>( <b>Fogo</b> )  |
|   | Canada Works (G)                                 | 65,832                     | Crab Trap Repairs<br>(Seldom)   |
|   | Canada Works (G)                                 | 78,626                     | Ice and Salt Facility<br>(Seldom)   |
|   | Canada Works (G)                                 | 36,084                     | Wharf Deck and Canopy<br>( <b>Fogo</b> )  |
|   | Canada Works (G)                                 | 68,580                     | Improvements to Fishing<br>Facility   |
|   | Canada Works (G)                                 | 98,700                     | Fish Plant Expansion<br>(Tilting)   |
|   | Provincial Fisheries<br>(L)                      | 1,000,000                  | Unspecified   |
|   | Provincial Fisheries<br>(G)                      | 4,000                      | Fishery Marketing<br>Assistance   |
|   | Provincial Fisheries<br>(G)                      | 15,000                     | Consultant's Study on<br>Plant Operation  |
| <hr/>   |  |                            |   |
| Fogo Island<br>Development assoc.                   | RDSA I (G)                                       | 35,611.59                  | Wharf Repairs at Tilting  |
| <hr/>   |  |                            |   |
| Fog Island<br>Improvement Corn.                     | RDSA I (G)                                       | 161,854                    | Fish Handling and<br>Processing Equipment for<br>Plants (Joe <b>Batt's</b> Arm<br>and <b>Fogo</b> ) |
|   | RDSA I (G)                                       | 14,826                     | Expansion of fish plant<br>at Deep Bay  |
|   | RDSA I (G)                                       | 22,809.57                  | Completion of fish plant<br>at Seldom   |
|   | RDSA I (G)                                       | 137,750                    | Blast Freezers for Seldom<br>and Fogo   |
| <hr/>   |  |                            |   |

| <u>NAME OF<br/>COMMUNITY-BASED<br/>ORGANIZATION</u>                 | <u>FUNDING PROGRAMME<br/>AND TYPE OF FUNDING</u> | <u>AMT. OF<br/>FUNDING</u> | <u>USE OF FUNDING</u>                              |
|---|--|----------------------------|--|
| Fortune Bay<br>Development Assoc.                                   | RDSA II (G)                                      | 7,073                      | Travel costs re<br>Processing Facility             |
| <b>Gambo-Indian</b> Bay<br>Development Assoc.                       | RDSA I (G)                                       | 45,336                     | Completion of fish plant<br>at Dover               |
|   | RDSA I (G)                                       | 75,012                     | Completion of fish plant<br>at Dover               |
| Petty <b>Harbour</b><br>Fishermen's<br>Co-operative<br>Society Ltd. | RDSA II (G)                                      | 24,400                     | Business Plant Study                               |
|   | RDSA 11 (G)                                      | 11,186                     | Purchase of fish plant<br>Equipment                |
|   | Provincial Fisheries<br>(G)                      | 14,000                     | Fish Plant Improvements                            |
|   | Provincial Fisheries<br>(G)                      | 500                        | Marketing Assistance<br>Programme                  |
| <b>Placentia</b> Area<br>Development Assoc.                         | RDSA I (G)                                       | 5,640                      | Boat repair and<br>construction project            |
|   | RDSA I (G)                                       | 80,000                     | Establish processing<br>facility                   |
|   | RDSA I (G)                                       | 93,200                     | Expansion of plant                                 |
|   | RDSA I (G)                                       | 52,422                     | Marginal dock and storage<br>lockers               |
| <b>Placentia</b> West<br>Development Assoc.                         | RDSA I (G)                                       | 16,120.24                  | Gear shed and crib work<br>at <b>Baine</b> Harbour |
| Port au Port<br>Economic Development<br>Assoc.                      | RDSA I (G)                                       | 120,000<br><b>(Accum.)</b> | Expand Facility                                    |
|   | Provincial Fisheries<br>(G)                      | 50,000                     | Materials for Facility                             |
|   | ?  | 50,000                     | Special Response for<br>Fishermen & Plant Workers  |

| <u>NAME OF<br/>COMMUNITY-BASED<br/>ORGANIZATION</u> | <u>FUNDING PROGRAMME<br/>AND TYPE OF FUNDING</u> | <u>AMT. OF<br/>FUNDING</u>                  | <u>USE OF FUNDING</u>                               |
|---|--|---|---|
| Red Bay Producers<br>Co-operative                   | Canada Works (G)                                 | 15,444                                      | Construction of Drying<br>Trays                     |
|   | Provincial Fisheries<br>(G)                      | 5,000                                       | CCDP Salt Shed                                      |
| Southern Labrador<br>Development Assoc.             | RDSA I (G)                                       | 20,774                                      | Fish drying plant at<br>Red Bay                     |
| Bay St. George South<br>Development Assoc.          | RDSA I (G)                                       | 10,650                                      | Construction of Fish<br>Drying Facility             |
| Southern Labrador<br>Development Assoc.             | RDSA 11 (G)                                      | 21,700                                      | Operating Plan for Red<br>Bay <b>Co-op</b> Facility |
| Southern Shore<br>Development Assoc.                | RDSA I (G)                                       | 3,804                                       | Travel Funds for Fermeuse<br>Action Committee       |
| St. Lawrence<br>Action Committee                    | RDSA I (G)                                       | 5,078                                       | Travel Funds  |
| St. Mary's Bay<br>Center                            | RDSA II (G)                                      | 128,669                                     | Extension to <b>Riverhead</b><br>Fish Plant         |
| Torngat Fish<br>Producers <b>Co-op</b>              | RDSA I (G)                                       | 45,000                                      | Fish handling facility<br>at <b>Rigolet</b>         |
|   | RDSA I (G)                                       | 34,910                                      | <b>Cryovac</b> System                               |
|   | LEAD (G)   | 77,462                                      | Northern Fisheries<br>Pilot Venture                 |
|   | Provincial Fisheries<br>(L)                      | 150,000                                     | Unspecified   |
|   |  | 5,000                                       | Air shipment of fish to<br>Mainland markets         |
|   | .5,000   | Air shipment of fish to<br>Mainland markets |   |

| <u>NAME OF<br/>COMMUNITY-BASED<br/>ORGANIZATION</u>                             | <u>FUNDING PROGRAMME<br/>AND TYPE OF FUNDING</u> | <u>AMT. OF<br/>FUNDING</u> | <u>USE OF FUNDING</u>                  |
|---|--|----------------------------|--|
| <b>Twillingate-New</b><br>World Island-<br>Change Islands<br>Development Assoc. | RDSA I (G)                                       | 91,287                     | Improvements to<br>Processing Facility |
| Upper Trinity South<br>Co-operative   | Provincial Fisheries<br>(L)                      | 40,000<br>(lapsed)         | Unspecified                            |



APPENDIX D

<sup>1</sup>The sample communities were chosen by randomly selecting communities from the 1981 Census data publication listing population, occupied private dwellings and so forth. The publication is numbered E-571. The fifth community following each randomly selected one was placed into the set of sample communities. Eliminations were based on:

1. Whether population exceeded 5,000.
2. Whether population was from 100 - 1,000 after first 20 communities.
3. Whether population was from 1,001 - 5,000 after first four communities.
4. Whether population was from 2,501 - 5,000 after the first community.
5. Settlements that are aggregated with one or more others on the population figures, but are separated out for the fisheries statistics are excluded.
6. Settlements for which fish landings are unavailable are excluded.

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