



Proceedings of the Standing Senate Committee on Fisheries and Oceans

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The Standing Senate Committee on Fisheries and Oceans met this day at 1:32 p.m. to examine and report on issues relating to the federal government's new and evolving policy framework for managing Canada's fisheries and oceans.

Senator Gerald J. Comeau (*Chairman*) in the chair.

The Chairman: Honourable senators, our panel includes witnesses from the British Columbia Wildlife Federation, the Sport Fishing Advisory Board and the Sport Fishing Institute of British Columbia.

John Brockley, Past Chairman, Sport Fishing Advisory Board: Thank you, and on behalf of the Sports Fishing Advisory Board and some 350,000 tidal anglers, we would like to take this opportunity to speak to you today with respect to fisheries reform in the Fisheries Act.

Our chairman, Jeremy Maynard, extends his apologies for not being able to attend and has asked that we represent him here today. Unfortunately, I also suffer from a degenerative lung disease, which makes prolonged public speaking difficult, so I have asked my friend, Cliff Proudfoot, to help with our presentation.

The Sports Fishing Advisory Board was created in August 1964 and it is the longest standing fisheries advisory process on the West Coast. The SFAB is the official advisory body to the minister of Fisheries and Oceans Canada. According to DFO's Pacific Region website:

The Department works closely with the Sport Fishing Advisory Board (SFAB) on recommendations to conserve and protect fish and to enhance the recreational fishing experience.

The current SFAB structure was put in place in 1988 in an effort to deal with several concerns. First, it was felt by some that the so-called "independent angler" representatives did not have a constituency base. While they were often high-profile individuals such as Roderick Haig Brown and Howard English, they were either self-selected or appointed by the department. In response to this concern a new process was developed that offered automatic membership to representatives from additional angling organizations as well as the opportunity for direct participation of independent anglers at the local community level.

Second, a specific requirement ensured that the majority of members at all levels become "primary" as opposed to "secondary" persons with a primary member defined as someone who does not receive a significant portion of his or her income from recreational fishing. We ensured secondary representation by giving membership rights to several industry organizations.

Finally, each local committee elected a representative to attend meetings of the North and South Coast regional committees, and these regional organizations in turn received power to elect seven representatives to our main board. The process now includes some 20 local community based advisory committees, two regional committees, and the

main board. Our association has approximately 350 volunteers.

Marilyn Murphy, Executive Director, Sport Fishing Institute of British Columbia: Mr. Brockley's organization represents 350,000 anglers. The Sport Fishing Institute of British Columbia provides the services and the products that anglers use while fishing in British Columbia. This industry generated over \$625 million this year.

Our membership is wide and diverse and includes individuals, lodges, resorts, manufacturers, distributors, transportation and tackle providers, to smaller 'ma-and-pa' bait shops. We have members from all over British Columbia including fresh and salt water fishing enthusiasts. Our members range from small family businesses to large corporate interests.

Our primary mandate is to ensure that federal, provincial and municipal decision makers understand our industry's economic importance.

Cliff Proudfoot, Legal Counsel, Sport Fishing Advisory Board: The fisheries make up part of the essence of coastal communities in British Columbia. Salmon is a religion in British Columbia, and it is a talisman and a totem for the health of this province. The recreational fishery sustains the communities. It is a value-added industry that brings in profits, investments and jobs.

It is an important industry for the people. Last year alone there were 2.5 million angler days in British Columbia in the tidal industry. This is important for the B.C. economy. The recreational fishery in British Columbia is the largest fishery on the coast. It is larger than the commercial industry and the aquaculture industry.

Ms. Murphy: The recreational sector catches a small portion of the salmon catch on an annual basis, yet we generate more economic activity than the commercial salmon halibut and black cod fisheries combined. This is significant.

As I mentioned, we estimate over \$600 million in economic expenditures this year. In 2002, the national Government of Canada survey indicated \$500 million expenditures in British Columbia. We created 7,000 jobs in that year. Over 300,000 people a year went fishing and they spent an average of \$260 each day. In the same year, the combined fresh and salt-water expenditures exceeded the annual provincial sales of beer and wine combined. Therefore, as you can see, recreational anglers spend a lot of time on the water and they generate a lot of economic activity, hence we refer to ourselves as an industry.

British Columbia is Canada's largest tidal water fishery at 2.5 million angler days a year. In second place is Newfoundland and Labrador at 300,000 angler days, so you can see the proportionate value of sport fishing in British Columbia. More people fish in British Columbia than play golf and hockey combined.

Now, that is from a macro perspective, but what does this mean to coastal communities? What economics are generated within coastal communities?

We have to keep in mind that the 2.5 million angler days happen primarily in the coastal communities. You can see these figures in the economic studies we have included with our brief. They include the coastal communities of the Alberni Clayoquot region and the coastal communities of Port Alberni, Ucluelet, Tofino and Bamfield.

The sports fishing industry employed over 1,000 people in 2000 with over \$10 million in direct wages and benefits in those coastal communities. The coastal communities realized over \$70 million in expenditures associated directly with recreational sports fishing activities, largely from people outside of those coastal communities bringing those revenues in, and those revenues stayed there. The revenue stayed with local employees, local operators, local hotels, and the benefits are obvious.

I urge you when you go to the coastal communities and when you are speaking with those community leaders, ask them about sports fishing, ask them how important it is to their communities, and I think you will see smiles on their faces.

The value of a recreationally caught fish in that same region with the same study ended up at \$256 per day. In the

Queen Charlotte Islands fishers spend over \$1,000 a day to fish in that area. You can find some of the most excellent lodges in the world in that location.

The reason I bring this to your attention is that we know you have been hearing about coastal communities and you have been hearing from different sectors within coastal communities. I want to assure you that the recreational fishery is an integral part of coastal communities. We are a key part of coastal communities, and, more important, we are thriving within those coastal communities.

Mr. Proudfoot: As I said before, the industry does have some issues to face. The proposed restructuring of the commercial industry poses a threat to the recreational industry. Simply put, we are different. One size does not fit all for a solution.

Another major problem is with respect to its relationship with DFO. It is just not working. I will give you an example. Last week the regional director general came and spoke to this committee, and he said that the salmon fishery in B.C. is really struggling. Well, it is not struggling. There are areas where it may be struggling, for instance, in the Strait of Georgia, but overall it is a thriving industry that is adding value, profits, and employment to coastal communities and is part of that very essence of British Columbia.

Mr. Brockley: Our fishery does not need large numbers of fish to prosper. The current harvest is approximately 6 per cent of the aggregate salmon harvest after we meet the section 35 needs. We do need predictable stable opportunities that form the basis of marketing and holiday plans months in advance, in some situations possibly years.

The expectation that you will catch a fish and the opportunity to do it is what drives everything in our fishery. Quota-based management in Washington and Oregon has seriously undermined a once vibrant recreational fishery. We no longer have predictable opportunities with fisheries closing mid-season often with devastating impacts to local communities, campgrounds, motels and so on.

While Fisheries and Oceans Canada has consulted through a variety of forms, the recreational sector has not been involved in the design of this policy. We have not seen or had any recent involvement or input with respect to the new Fisheries Act, nor have our express concerns or issues been addressed or discussed openly by senior DFO officials. Despite our concerns, DFO has been systematically moving forward with ITQ quota-based management with halibut, groundfish, and now, in 2005, with salmon.

While possibly a better management approach with respect to treaties, and for some commercial fisheries, unless "saved harmless" quota-based management is completely incompatible with recreational values, public access to the resource and the public's right to fish.

I would like to provide you with an example concerning halibut. We provide this halibut example to accent the problems of an ITQ system that fails to reconcile the fundamental management differences between recreational and commercial fisheries — our present situation. This is real time. We are in this right now.

In 2003, the then Minister Thibeault capped the recreational harvest of halibut at 12 per cent, slightly above the then actual harvest of 9 per cent. In doing so, he provided the following assurance:

Fisheries are a public resource, and there is no property interest in the fishery.

If fisheries are a public resource and there is no property interest, how can they be bought, sold, traded, and bartered? We do not understand this.

In the case of the recreational fishery, how is this to be done on behalf of some 350,000 anglers? We do not understand this either.

The minister directed commercial and recreational interests to enter into discussions directed at working out a market-based mechanism for the transfer of shares with the expectation that the recreational fishery may grow at some point beyond 12 per cent. We participate in this process under protest. This process, which DFO has refused to lead and in

which it is not directly involved, has been ongoing for about two years and has proven extremely problematic.

The SFAB, in seeking clarification of policy and potential liability forwarded the following questions to DFO in December 2004.

What section of the current terms of reference of the SFAB gives it the authority to hold, purchase, sell or lease halibut quota as part of a "private" arrangement?

If the current terms of reference do not include such authority, what changes does the department propose to initiate and on what timetable?

If the arrangements brokered last summer between the Pacific Halibut Management Association and the SFAB do not involve the department, in what capacity were the SFAB representatives acting, and if the SFAB has some separate non-government status, upon what is the status based?

If, as the minister says, "there is no property interest in the fishery," what is the legal status of the current commercial quota shares and what is the legal status of any quota acquired in the future by the SFAB on behalf of the recreational sector in a "market-based mechanism"?

Despite repeated requests, there has been no formal response to these questions.

Mr. Proudfoot: I want to continue on some of John's comments with respect to the common property resource, and I note that the Senate subcommittee's interim report found that fish become private property only after they are caught and removed from the water.

I want to focus on the comment that "the fishery resources belong to all Canadians." They do not belong just to the commercial fishing sector. The Supreme Court of Canada in a recent articulation of the federal fisheries power as recently as *Ward v. Canada (Attorney General)*, found that Canada's fisheries are a common property resource belonging to all the people of Canada. The minister is to develop the fishery on behalf of Canadians in the public interest. We believe the public interest weighs in favour of the recreational fishery. We have 2.5 million angler days, 350,000 anglers and the largest fishery on the coast. We need this committee's support to find the right solution.

Fortunately, we think the solution can be found in priority access, and when I say priority access, I am not saying that the recreational fishery has an access superior to conservation. Conservation is first.

Second, we understand that the recreational fishery must be subordinate to First Nations ceremonial and food fisheries under section 35 of the Constitution. However, when we get down to the third level, to the harvesting of the remainder, we believe that priority access needs to be granted to the recreational fishery in a way that will work so that it does not destroy the very vibrant B.C. recreational fishery.

We submit that the priority access element needs to find itself in the federal Fisheries Act itself. The minister needs to be given guidance on this point. In fact, we see that some priority access has been granted to the recreational fishery, and John is going to give you some detail on that now.

Mr. Brockley: Over the years, many studies and evolving fisheries policies have supported the concept of priority access for recreational harvest after meeting conservation and section 35 needs leading to the present policy that governs chinook and coho salmon.

There was a 1982 Pearse report, 1996 ARA Economic Value Study, the 1996 Altering Course — the Art May Inquiry, and finally in 1997 the Toy Process. The lack of any intersectoral consensus around May's recommendations led, in turn, to the appointment by the federal and provincial governments of another independent adviser in October 1997, former judge Samuel Toy.

That was a lengthy process. I was involved with it, as were others in this room. It took some time, but we finally reached a consensus with our commercial fishing counterparts, that resulted in the 1999 New Directions Allocation

Policy, which states the following:

Recreational and commercial salmon fisheries operate very differently. The recreational fishery accounts for a relatively small portion of the total annual harvest of salmon. It is primarily concerned with the quality of the angling experience and the opportunity to catch fish throughout the year. In contrast, the commercial fishery, which takes place mainly from July to November, accounts for the vast majority of the total salmon harvest and is primarily concerned with the quantity and value of the catch.

Allocation Principle 4 states:

After conservation needs are met, and priority access for First Nations is addressed, recreational anglers will be provided: Priority to directed fisheries on chinook and coho salmon; Predictable and stable fishing opportunities for sockeye, pink and chum salmon. With respect to chinook and coho, the paper defines "priority access" as meaning that:

Where conservation goals cannot be met, recreational fisheries for all salmon will be closed. Where abundance is sufficient to meet conservation goals but insufficient to address First Nations needs, recreational access will be restricted to selective fishing only including non-retention of chinook and/or coho salmon as appropriate. Where abundance is greater, directed recreational fisheries will be permitted, however, the recreational limits for these fisheries will be determined by relative abundance. Even in high abundance scenarios, recreational limits will not exceed 2 per day with a possession limit of 4 per day for chinook salmon and 4 per day with a possession limit of 8 for coho salmon.

The limits for all salmon are four and eight on the coast. The point is even in the scenario where there is enough fish for everybody; within this process, we agree that we would never increase our limits. We would keep our fishery where it is, where it is at today.

Mr. Proudfoot: We believe that we cannot be part of the ITQ management process. We just do not think it works for our fishery. It may work for the commercial fishery, but if it is being done in the commercial fishery, it has to be done in a way that does not threaten the recreational fishery.

Ms. Murphy: You will notice that we have cited a number of different studies as well as allocation policies. We have submitted the National Framework on Recreational Fishery and the Pacific Salmon Allocation Policy in our presentation package. We also have an electronic version of our submission.

The recreational fishery is very important to British Columbia, Canada, and, more importantly, it is vital to coastal communities. This activity takes place primarily in coastal communities, and we can never lose sight of that fact. The department appears to be leaning towards quota-based management and the continued lack of regard for the recreational fishery threatens the very existence of our livelihoods and the supporting industries.

Fisheries reform should be an opportunity. Fisheries reform should enhance and bring tools into a modern fisheries act that provides the recreational sector with more certainty, more stability than it currently enjoys and, more importantly, the recognition that it deserves.

Mr. Proudfoot: Recreational fishers stand ready, willing and able to work with DFO and within the system to find a solution that will work for both the recreational fishery and for the commercial fishery.

Senator Hubley: Thank you very much for your presentation. Again, we have learned a great deal about an industry that perhaps is much larger and better organized than what we see on our East Coast.

I am impressed with the numbers. Do you have 350,000 anglers?

Ms. Murphy: Those are licensed anglers in British Columbia. The range has been from 250,000 to 500,000.

Mr. Brockley: That figure represents the tidal anglers, and does not include freshwater anglers. With the inclusion of

the freshwater anglers, the figure is higher.

Senator Hubley: What is the population of the rural areas? What are we talking about because 350,000 anglers sounds like a lot of people. That is where I am coming from. Just to get some idea of the size of your industry.

Mr. Brockley: I think one thing that might help put it in perspective is that we use the 350,000 mark as the average. Approximately 85 per cent of those anglers are Canadian citizens.

Senator Hubley: Eighty-five per cent?

Mr. Brockley: About 85 per cent are Canadian citizens. The other 15 per cent, of course, are Americans, foreign anglers that come here to fish.

Ms. Murphy: I think I can help a little bit. You have to visualize all those anglers. They make us of access ports, marinas, lodges, and places near salt water, tidal waters. They fish in areas of Vancouver, Victoria, the west coast of Vancouver Island, the central coast, the Queen Charlottes, the northern coast, Prince Rupert and all the other coastal communities.

An infrastructure including marinas, campgrounds, rental boats and lodges services these anglers. Many anglers invest thousands and sometimes hundreds of thousands of dollars in marine equipment to get to the places where fishing is really good. There are self-service anglers, and anglers that seek service providers, and the economic spin-off goes further than that. It goes right down to the people buying gas, groceries, hotel rooms, et cetera.

Senator Hubley: You mentioned that you have 6 per cent of the salmon harvest.

You mentioned Minister Thibeault and the figure of 12 per cent. Does that figure refer to salmon? Can you just put those two figures into perspective?

Mr. Brockley: The 6 per cent is the aggregate salmon harvest, which includes all five species of salmon. Our fishery focuses on all five species of salmon; however, the two most critical species are chinook and coho. Our percentages on those species are higher, approximately 30 per cent for chinook and 15 per cent for coho. That is after section 35 needs. The balance, of course, goes to the commercial harvest.

With respect to pink, chum and sockeye salmon, under the allocation agreement we are limited to 5 per cent. We have not quite achieved that yet, but that is where we are right now. That recognition was a key part in the agreement. In essence, the bulk of the B.C. harvest takes place in the commercial fishery.

Our current catch of the Canadian allocation of halibut is approximately 9 per cent with the rest of that TAC, total allowable catch, going to the commercial harvest.

Senator Hubley: A previous witness suggested that the recreational fishers receive a more favourable fishing time during July and August to do a portion of their recreational fishing and the commercial fishers do not.

Can you comment or explain that statement?

Ms. Murphy: I would be happy to comment. About eight years ago, they started a selective fishing policy, and DFO had to prove that it did not adversely affect the stock. It was duly noted that the recreational fishery, because of its inherent lack of efficiency, did not have as great an impact on stocks of concern as a commercial fleet on the same water at the same time.

In the case of chinook and coho, we have priority access and our impact on those stocks at those times and locations were far less than that of the commercial sector at that time. It was deemed that our use was consistent with the conservation objectives for that particular stock at that time in that location. It was a result of policy and the selected fishery policy.

Paul Rickard, Co-Chair, Tidal Waters Fisheries Committee, B.C. Wildlife Federation, Sport Fishing Institute of British Columbia: Senator, I wonder if I could just expand a little bit on the nature of the recreational community. Our organization has 130 clubs spread all over British Columbia from the interior to the north down into the southern border areas. We have 30,000 people in those clubs, and we meet each year. After our convention, my co-chair and I report the policy involvements back to our members. All of the members of our organization want us to become more involved in the fisheries. They want us to represent their wishes and our membership comes from all over British Columbia, not just people from the coastal regions. The fisheries are a part of the fabric of B.C. life.

Senator Adams: In the North, sport hunting groups sometimes have difficulty getting to our communities because of the weather. We are not like B.C., where you do not get a lot of cold temperatures even in the wintertime, although it does rain a lot.

I would like to find out more about the commercial fishery and the sport fishery. You are concerned about DFO. We have the same problem in our Nunavut communities. Anglers must have a licence to fish in our communities.

Is it the province or the community that issues the licence for the sport fishermen?

What is the policy for anglers who want to fish on the rivers or on the lakes or on the sea? Is there a difference?

I would like to learn more about the system and your organization.

Mr. Brockley: There are two recreational fishing licensing regimes in British Columbia. The provincial government, that is, non-tidal fisheries, manages freshwater fisheries and there is a separate licensing regime around activity. I fish in both tidal and freshwater and have to have provincial licences. When I fish in the ocean, I have to have a federal tidal sport fishing licence. Attached to that licence is a salmon stamp as well. The provincial licence revenues go to the province. The tidal fishing license revenues go to the federal government, into general revenue and not into the management of the resource.

In the case of the Nisga'a agreement on the Nass River, if I want to fish on the Nass, there is another licensing regime, which is not quite in place, but they are working on it. That is the only community-based licensing regime I am aware of in British Columbia. Does that answer your question?

Senator Adams: Yes.

You mentioned ITQs. You also said that you have 350,000 members. Are there fishing seasons, or can they fish 12 months a year?

Mr. Brockley: The fundamental underpinning of the recreational fishery is that it operates 12 months out of the year. However, it does not operate everywhere on the coast 12 months out of the year for a variety of reasons. There are specific closures in some areas to address conservation and other concerns as well, and there are some limit reductions in other areas. The board participates with the department through local and regional committees to work on those issues. For example, there may be a conservation concern on a specific stock of fish, and as a part of that exercise it is determined that fishing is inappropriate, and in that circumstance, the recreational fishing does not take place.

There are many regulations for different areas of the coast, and for different species, I might add. Currently, there is a huge issue with rockfish conservation and reduced limits and closures and spot closures other things happening with that species. It is quite a complex system.

Senator Adams: I wanted to ask so I could find out what it is like up in the North.

Anglers bring a lot of money into our communities, but they cannot take home everything they catch. They have to release some of the fish they hook.

Does DFO allow your 350,000 members to catch so many tons per year or do the sport anglers operate by licence only?

Aboriginals have no limit to the fish they can hook. If the sport fishermen are coming into our communities to fish and are allowed to catch three fish per day it is not beneficial for the people who operate under a land claims settlement.

You have said that the recreational fishing industry in British Columbia generates over \$600 million of revenue annually. If DFO increases quotas for the commercial fishery, it will affect the revenues for the sport fishery. I was just wondering how the system worked in relation to DFO, the commercial fishery and the sport fishery.

Ms. Murphy: I think we have over 1,300 different genetically unique salmon stocks in Canada, so we do not manage our stocks based on a quota or an amount per person, although for chinook we do have an annual limit, but instead we micro manage. We manage on a watershed basis. We identify that at a certain watershed there is X amount of chinook that will return, and from our experience we know that based on reasonable limits that X amount of anglers fish that particular water.

We monitor the stock and we do fly-overs. We have a history of knowing how many people fish and how productive they are. We use that data to extrapolate the catch based on abundance on a watershed-by-watershed basis. For instance, in one watershed, using the west coast of Vancouver Island as an example, the limit may be four a day because the returning run size is supposed to be large. That means that there is a surplus for the commercial sector. However, the next watershed may have fewer returns, the limit might be set to two per day, and the commercial fishery might be cancelled.

Even though we are allowed to have so many chinook a year per licence we manage more or less on an ecosystem basis to achieve local conservation objectives for individual stocks. I hope that answers your question.

Senator Adams: Yes, I understand.

The department is supposed to control the quotas for fish taken from the oceans. If I have a hunting licence, for example, I have to report every year how many caribou I catch.

The commercial fishery operates on a quota system, but what is the difference between sport fishing and fly-fishing? Is there a cost difference? I picture fly fishermen as being more wealthy.

Mr. Brockley: I am a fly fisherman and can tell you that I am not rich.

Senator Adams: I am just wondering if the policy differs between your organization and the sport fishery.

Mr. Rickard: Our angling licence gives us the right to angle in any particular style of tackle, and so fly fishermen pay the same licence fees as anyone fishing with their spinning gear or with their reels in the salt water. The style of fishing is up to the individual angler.

Senator Adams: I mentioned Aboriginal land claims. Let us take the Nunavut commercial fishery as an example. Before the land claim was settled, 45 per cent of the catch in our area was supposed to go to the commercial fishery. DFO set up a policy similar to the one in B.C.

Perhaps you could you talk a bit about partnerships between the sport fishing industry in B.C. and Aboriginal tourism businesses. In Nunavut, there are sometimes issues surrounding these business partnerships, with some thinking that they are not beneficial for the community.

Do you have similar issues here in B.C?

Mr. Brockley: No. Again, the Nisga'a themselves are working through those issues under the Nisga'a agreement and have started recreational operations as a part of their economic development. I suspect that industry will probably grow. That has certainly been the indication.

The settlement of treaties is a great unknown in British Columbia and that is the crux of the issue. The genesis of this policy is more around how we are going to deal with those issues. I agree with you totally. I think the recreational

community supports the resolution of those issues through treaties or other mechanisms. I agree that partnerships like the ones to which you refer are the key to the opportunities that lie ahead. They are key to our survival, and I think they are key to the long-term economic viability of this province. I am hopeful that we will get on with this because there are real partnership opportunities for both sides.

The Chairman: I would like to get to the question of the Fisheries Act. As you know, the minister does not need Parliament's permission to enter into any co-management agreements.

Why is there talk of changing the Fisheries Act in order to allow the minister to go into co-management agreements with individual groups? Some of us are suspicious about this.

Mr. Brockley: With respect, senator, you are not the only person who is suspicious.

Mr. Proudfoot: We are suspicious too.

The Chairman: Mr. Proudfoot referred to the common property resource, which all of us agree on and I think the minister agrees as well. There is a provision if the minister wishes to dedicate certain segments of the of the common property resource to any particular group he needs to seek parliamentary permission to do so. For example, the Nisga'a agreement allocated certain species or dedicated a certain amount of fish to an aboriginal group and the minister had to seek Parliament's permission for that allocation. This question of seeking permission worries some of us.

If we authorize such a piece of legislation, it essentially gives authority to the minister to go into co-management relationships without having to seek Parliament's permission. I see it as a pre-authority to the minister to enter into agreements. He already has that authority.

We worry that if we change the legislation he might not have to divulge the particulars involved in co-management agreements. This becomes more complicated when combined with the Pearse-McRae recommendations of automatic renewal that means that once a person receives a quota it remains so in perpetuity.

Let us say the legislation passes and the minister allocates fish quotas in perpetuity. Some of us fear the whole thing may result in the licences becoming a kind of property. We worry about the possibility of court action due to the quotas.

At the present time the licence belongs to the minister. Any licence that allocates resources in the fishery belongs to the minister. The minister can take it away tomorrow. It is an unfettered right of the minister to give a licence or to take it away.

If, through this legislation we create something that is much more than an unfettered right, will we not be going into the direction of creating property rights?

I think that would fit well with some people within the Province of British Columbia. Within the provincial jurisdiction, they might think they can finally have the right to manage the fishery, which may or may not be a good thing.

I venture to guess some people in Quebec might like that right because of jurisdictional issues, but I wonder whether it is in the best interests of Canadians to go in that direction.

Could we head into an accident if we authorize the kind of changes proposed under the Fisheries Act?

Mr. Proudfoot: I guess you have an advantage in that you have seen them and we have not.

The Chairman: No, I have not seen them. I have seen them two or three times over the past number of years. I have not seen the new ones, but I am guessing that they will be very similar to the ones we have seen previously.

Mr. Proudfoot: Our suspicion is that the proposed legislation would enhance the decision-making power in the sense

that it would be more difficult to challenge a court decision if the minister has that specific statutory authorization. It would be more difficult to argue, for example, that his decision is patently unreasonable on its face by taking what everybody pays lip service to it as a common property resource.

We see that in all the cases. In many reports people say that when this next step is taken it will mean privatization.

You have put your finger on the problem Senator. I think that with that change they are trying to bolster their position with respect to any challenges that might come in the future.

The Chairman: Take a company, for example, that has been buying licences for a number of years now, whether it is a lobster or groundfish company and they have been fishing these licences now for 20 years and people fished them prior to that time. Obviously you do not buy a licence, theoretically, on paper. According to the rules, the minister owns the licence, so you ask the minister's permission of to transfer the licence from one licence holder to the other. That is the theoretical side of it.

Over the years, people have been buying the licences, and theoretically, these licences have no value other than the amount that you pay to the minister once a year, but in practice, some of these licences have huge value. I think somebody mentioned a couple million dollars this morning for lobster licences in western Nova Scotia, and that is true.

Let us say this individual decides to sell their right to fish to a Chinese company. Let us say China comes along and says it wants to buy the licence and the licence holder sells it. Obviously the minister could refuse to authorize the sale but given the many years that this licence has been effectively private property, bought, sold, bought, sold, used and so on, could not the accident happen that the judge could say, "Yes, it is property. This individual has the right to sell because it is property"?

Like the old saying goes, if it quacks like a duck and walks like a duck, it is probably not a cow. Therefore, the courts might say, "Yes, you do have the right to sell to the Chinese or the Taiwanese because it is, in fact, property."

Have you people considered this at all?

Mr. Proudfoot: Yes, we have, and we agree that might happen.

The Chairman: I am becoming more and more worried about it.

Mr. Proudfoot: We are very concerned about it. The longer the process goes on, the stronger the argument becomes for that seller to say, "We should be entitled to sell that."

The Chairman: Exactly.

Mr. Proudfoot: If there is not a course of conduct from the minister with respect to giving his consent to transfers, then the argument becomes even stronger that people are buying those licences on a reasonable expectation that they will be able to sell them. That is where they will centre their lawsuit against the government. At the very least, it will cause a traffic jam and slow down the industry.

It is my understanding that the licences are basically rubber stamps, that do not happening in a systematic way where they are being analyzed for those types of issues.

The Chairman: If a dentist in Toronto can have a groundfish licence to fish black cod in British Columbia or a school teacher in Vancouver can own a lobster licence down in western Nova Scotia, at what point will these people, "Look, this is my property; the minister and Parliament have sold me the licence." "Nobody has raised the alarm, except that little pip squeak fisheries committee in the Senate, and they do not count."

Is it possible that the courts would find that the dentist and teacher in fact do own the property?

Mr. Proudfoot: If the changes in the Fisheries Act are implemented, I think that argument becomes even stronger. I

think there is a reasonable argument the way it is right now to say they still are not property because there is quite a long line of Supreme Court of Canada authority that we can point to and try and rely on. I am not saying it is a dead winner.

The Chairman: We cannot go along our merry little way, turn a blind eye, and pretend it is not going to happen. Our own Department of Fisheries and Oceans Canada has called these licences ``quasi-property."

The Pearse-McRae report says go for it and the DFO thinks it is a great idea, but neither has told the people of Canada that there is the potential for legal problems in the future.

I am concerned about this issue and wish I knew the legal aspects of it. I worry about future legal property rights decisions. I might know more if I were a lawyer.

Mr. Proudfoot: I think you are doing pretty well, actually.

The Chairman: Do you know if there are any IQs for recreational fisheries in New Zealand? The New Zealand fishery industry is now a privatized industry.

Mr. Brockley: I think Marilyn will help me out with this as well, particularly if I falter. The New Zealand model captures the principles that we have been discussing. However, due to problems with the wording in their fisheries act, the model has failed. Australia is also trying to develop a similar system.

The New Zealand model failed because the wording left an opening for the recreational and commercial harvesters to challenge the act. We understand that New Zealand is working on that problem right now.

Ms. Murphy: The original intent of the act and the Moyle Promise was that after the Maori received priority access the recreational sector would get their priority access. The wording allowed the recreational interest consideration before setting commercial allocations. It did set the limits specifically, and the interests met during the court challenge.

It was a failure in the view of the recreational fishery and from what I have heard from coastal communities as well because of privatization. I cannot speak concerning privatization from a commercial perspective. I cannot offer that advice.

You asked about how we feel about the act and lack of recognition of the recreational fishery. When we saw the first consultation deck that came from Ottawa there was not one reference to the recreational fishery in British Columbia, and it was not until Ottawa. Not long after that Ottawa heard our outcry and two slides were added to the presentation. Mysteriously, two weeks later, in another coastal community those slides disappeared.

We wonder what is driving the changes to the act. We have been told it is in order to implement fisheries reform as it pertains to the fishery on the west coast of British Columbia, but when asked, ``Well, let us see a White Paper. Let us contribute to this in an inclusive and transparent manner that integrates all of the interests of stakeholders in B.C.," the answer is, ``Well, no, we are going to table one in November, and you will have your opportunity then," and that is just not adequate for anybody in British Columbia.

Mr. Brockley: When you cut through it all the bottom line is that we are unable to be directly involved in the development of this policy. We have been shut out. The fisheries reform document states that it will engage in consultation with commercial and First Nations fisheries and then with the recreational fishery.

The issue is that even if they leave our fishery alone in its present form, the sum commission of all of these policies, and if they realistically move to full quota-based management, we will find ourselves in the corner. We will not be able to function. We will not be able to operate. We need to be included in the process.

The Chairman: One last comment. I have a quote here from the DFO's recent discussion paper.

Discussions with recreational fishery representatives through the Sports Fishing Advisory Board on

approaches to enhanced performance and viability of the recreational fishery are only just getting under way in earnest.

This sounds like your slides suddenly disappearing.

Ms. Murphy: Exactly.

The Chairman: Is this the same case?

Ms. Murphy: Yes, it is.

The Chairman: Given that you are a part of coastal communities and you are within the community, you obviously run into many of the commercial fisheries, especially the small local fishery. You probably go to the same restaurants, the same bingo halls and so on.

How are your relationships with the commercial fishery people who aim for the same fish? Is there a way for the two groups to work together? I assume you have to be able to because of the close proximity in which you live.

Mr. Brockley: Yes, and I think we have made some positive steps forward this year. We have restructured the Commercial Advisory Board process and the department has launched the Integrated Harvest Planning Committee process, which is a multi-sectoral forum that includes First Nations, conservation interests, environmental interests, and both the recreational and the commercial fishery. Our goal is to find an integrated fishing management plan.

Is this going to be successful? I am not sure, but I know that we are all going to put a lot of effort into trying to make it successful. I agree that we cannot continue to debate and fight over these things. We need to try and move forward and come to some agreement.

The Chairman: Thank you all very much for taking the time to be here with us this afternoon.

Honourable senators, we are very fortunate to have as our next witness a very famous maritime anthropologist, Professor Evelyn Pinkerton.

Ms. Pinkerton, we are pleased to have you here to give us your ideas. You probably have a good idea where we are going with our studies. Your field of study is right up our alley, so we are very fortunate to have you with us today.

Evelyn Pinkerton, Associate Professor, School of Resource and Environmental Management, Simon Fraser University, as an individual: I will begin by making four major points.

The first is that I do not think there is a lot of clarity around how much privatization is involved in ITQs, and I think the disaggregation of rights to flow from a resource needs to be clarified and separated from rights to a stock. I do not know if previous speakers have elaborated on this point, but it is central to understanding the implications for the right for other marine resources and ecosystems.

The second point is that, to my knowledge, the ITQs have not been systematically evaluated. They have been evaluated in other parts of the world, and I wanted to share some of those evaluations with you.

The third point is that ITQs have not been compared to other forms of management to see how they measure up on the triple bottom line of conservation, efficiency and equity. These are the three measures used in resource management for evaluating management regimes.

Finally, I want to mention two brief examples that illustrate some of the alternatives for addressing the management problems that ITQs intend to address.

In some ways, ITQs are not really a very large degree of privatization because anglers are not buying the stock. They are buying a right to harvest a flow. However, if you think of salmon, which I believe is the fishery that is before us for consideration at the moment, salmon spend a great deal of their time in watersheds in the freshwater ecosystem.

They interact with many other species. They travel all over the place. How can you separate the health of a stock? How can you separate the flow from the health of a stock? How can you separate the rights of users to a stock unless you do it in a way that takes into account the complexity of interactions? Certainly, the intention of the Oceans Act is to move in that direction, to start addressing habitat linkage and species interaction.

On the other hand, I was very surprised to see Peter Pearse recommend that we increase the freedom of transferability instead of decreasing it. I thought that Canada would understand the problems associated with transferability and establish strict limits on ITQs.

Mr. Pearse recommends a rather extreme form of privatization in the rights to the flow that should raise very important public policy questions. I hope that you consider it your duty to raise these issues, which are, I think, essential to Canadian values. We would not want to have quotas gravitate to China, where so much of the U.S. is gravitating these days.

The triple bottom line is equity, efficiency and conservation. Economists claim that ITQs deliver conservation, although I think most would agree that they are really designed to deliver efficiency.

I will focus on conservation because it is the most pressing issue.

I am just going to quote briefly from the study by economist Tom Tietenberg, who has done a very comprehensive study of tradable permits, and I would be happy to supply a copy of that to the committee, if you wish. I will just hit a few highlights.

Tietenberg has not only conducted his own study, but he quotes from the 1997 Paris-based Organization for Economic Co-operation and Development, *Toward Sustainable Fisheries: Economic Aspects of the Management of Living Marine Resources*. This study simply compiled existing information on ITQs, especially well established ITQs around the world and it found that higher enforcement costs or problems occurred in 18 fisheries compared to five that experienced improvements. The documentation indicated the underreporting of catch and data degradation in 12 fisheries, while only six showed improvements. Twenty-four out of 37 ITQ fisheries experienced at least some temporary declines in stocks, due to inadequate information and illegal fishing. Twenty out of these relied on additional regulations such as closed areas, size regulation, trip limits, and vessel restrictions. In other words, they were not counting on ITQs alone to achieve conservation. Importantly for proposals to ITQ salmon in British Columbia, the study reported that the ITQ fisheries that experienced the worst stock declines were pelagic fisheries like salmon: migratory, fast-moving fish with annually variable abundance levels.

I am sure other fishermen you have pointed out that it is not beneficial to fishermen. It does not solve their economic problems if they have to buy quotas before they know if they will even have access to a stock. They take considerable risks, and I think many people would argue that they would be far worse off under quotas. Quotas in salmon do not improve the economic position of fishermen, nor the conservation of the resource, and it would be foolish to believe that is their intended purpose.

I will move to the third point of how to evaluate ITQs against their alternatives. This is not an easy proposition, but there is some scholarship in political science attempts to address issue. Some scholars claim that ITQs, if you hold other things constant, and community-based management stack up comparably on all three criteria and community-based arrangements can compare favourably to market approaches on efficiency criteria in some cases. They are especially good on equity, sustainability or conservation.

I participated in a report published in 1999. The report called *Marine Fisheries in a Changing and Uncertain World* by Randall Peterman and Brad de Young includes a conclusion by Rod Dobell from the University of Victoria. Mr. Dobell indicates that the precautionary approach needed to deal with complexity and uncertainty in the marine environment today is not consistent with privatization. Instead, our team found the need for flexibility and adaptiveness in management systems. We concluded that community-based approaches simply have more to offer than privatization as we move into the 21st century. We have a greater interest in moving toward ecosystem management and dealing with complexity and uncertainty as the precautionary approach becomes more widely accepted.

I would like to illustrate this point with two examples. The first may be known to you. The Chignik salmon fishery in Alaska is an example where the fishermen in one area decided to form a cooperative to voluntarily reduce their costs of fishing and then equally share the benefits of fishing. This is a similar system to the herring pooling done in British Columbia, only on a much broader scale and more systematically and with a higher level of planning.

Only about half the fishermen actually fished and because they were able to address all the economic problems by reducing their costs and reducing the number of fishermen on the grounds, they were able to do things such as deliver their catch live, get a higher price for their catch and have a more even flow. The local community accomplished what the ITQs are assumed to be able to achieve.

It is true that in this case some of the deck-hands were excluded who otherwise would have fished in a conventional fishery, but I think it is important to recognize that this is not intrinsic to the arrangement; it is just the arrangement that they happened to make. It would certainly be possible, as occurs in many fisheries around the world, for the fishermen to agree to include deck-hands in some way.

This is an example of rule-making by fishermen in which fishermen make the rules, form an institution, decide how to achieve the triple bottom line and then monitor themselves and even enforce their own rules.

This model could be extremely useful to government in reducing the costs of management and in achieving legitimacy, equity, and in reducing many problems in devising effective regulations.

As you know, fishermen are very good at getting around government regulations and it becomes a game of who has the smartest inventive strategy, and if fishermen design their own regulations, you get beyond that game.

The second example is an example of an ITQ system used in Holland. This system evolved to a community-based management system. It is the Dutch Biesheuvel system. In 1976, the introduction of ITQs failed to constrain fishing effort. In fact, fishing effort exploded and finally they formed quota management groups called Biesheuvel. They created a joint fishing plan and an executive board to make the rules. They imposed regulations, trip limits, et cetera, and, notably, fines for those who violated the system. Fines included indemnities to all those who affected by the violations.

This Dutch system is evolving into more of a community-based system, which includes a set of checks and balances evaluated by the European Common Fisheries Policy.

That is an example of a group of fisherman creating their own set of rules, which is very much like the community-based fisheries.

Senator Hubley: I was quite fascinated with your comments on the Dutch system. An ITQ system evolved into a type of community-based system. I like that idea, but I fear that our ITQ system will become less and less important in the whole system. I worry that the ITQ system by its very nature will take that ability away from communities.

Do you have any models that show that even with an ITQ system the communities can still have ownership and pull that back into their own communities?

Ms. Pinkerton: I am not quite sure which question you are asking. Are you asking if conventional ITQ systems tend to gravitate away from communities?

Senator Hubley: Yes, that is my question.

Ms. Pinkerton: I think so. Yes. I have heard that the snow crab fishery off Cape Breton Island in Nova Scotia is of deep concern to the DFO officers who live and work there.

As you probably know, that was Roméo LeBlanc's old riding. Fishing officers in that area are concerned about the welfare of the communities, and I understand that they are extremely concerned with the next generation of fishermen. All of the Acadian and Scottish communities are very fishing dependent communities, and worry whether there will be

any ITQs in that community in the next generation.

You may know that some special measures are being taken there to try to reduce the impact. I do not think they have addressed it very much, but they have done a little bit at least.

I think it is notable that there is not a single halibut ITQ held in the Nuchalnuth communities on the west coast of Vancouver Island. That is rather shocking.

As I am sure you are aware, the first generation of ITQ holders is offered the ITQ merely for the price of the existing licence or they are grandfathered in. They do not have to pay for them. They inherit, if you like, an enormously valuable public good, and usually they do that because that is the incentive for them to move to the program because they asked to sacrifice future generations in order to benefit themselves.

The second generation is not so lucky. The second generation of ITQ holders will have to pay. They will pay for the public good and then they will have to incur the cost.

The first generation inherits the public good in exchange for agreeing to take on a great deal of the management costs. They feel they can afford it because they have just inherited a very valuable asset. The second generation pays for the asset, continues to pay for the public good, and must achieve economies of scale. The second generation has to pay their deck-hands what the market will bear and is forced to pool licences to reduce operating costs.

I think previous speakers have pointed out that the licence has become highly capitalized instead of the vessels, so they are forced to cut expenses in any way they can. The system favours those with a great deal of access to capital, and those people are not the people in the communities.

Senator Hubley: Point well taken. I think that ITQ policy is not community-friendly.

Ms. Pinkerton: Definitely not.

Senator Adams: You mentioned ITQs. My concern is that big international fishing companies will take over the local companies, leaving no industry for our communities.

Newfoundlanders have been fishing for over 500 years, and now the fish plants are gone. We need local turbot and shrimp fishermen in Nunavut, but we have to properly manage the turbot and shrimp quotas or there will be nothing left for the future. Is that your feeling too?

Ms. Pinkerton: Very much so.

Senator Adams: In some communities in Nunavut up to 85 per cent of the residents do not have jobs. One community on Baffin Island has a population of 350. There are 35 people with permanent jobs, but there are no other options for income and most live on welfare.

Two fishing areas are supposed to belong to Nunavut. The turbot fishery is worth over \$60 million a year, plus there is another \$40 million worth of fish outside of Nunavut. The total is worth over \$100 million a year, and yet hardly a dollar comes back into our communities.

The minister of fisheries gave the quotas to Nunavut. I thought Nunavut was ours, and now people are proposing the ITQ system. Foreign companies are catching those fish, but Nunavut was given the licences. One of our organizations, the Baffin Fisheries Coalition, is selling fishing licences to foreign companies. That is the kind of stuff I worry about. I worry about ITQs. Our people are not going to see those fish.

I know a senator down in Washington who wants to establish a policy on quotas for the commercial fishery. In Alaska, everybody shares in the quota system.

Ms. Pinkerton: Yes. It has been well documented by economist Gunner Knapp. You can check it on his web page.

Are you referring to the community development quota system?

Senator Adams: Yes.

Ms. Pinkerton: There are examples where some version of the quota system is used to accommodate communities, and as I am sure other people have told you, the U.S. is definitely moving toward requiring more of that in quotas systems.

Senator Adams: We have a system that works. We have organizations in every community. For example, we have hunting and trapping associations in Nunavut, most funded by the government. We sometimes help hunters who do not have boats. These associations have boards that are elected every few years, just like municipal elections.

People living in the community should be able to buy quotas from others in the community so that they are able to fish. They should be able to work that way just like they would in a co-op system.

Ms. Pinkerton: It is definitely possible to do that. One western Alaska fishery went to a quota system, but quotas are exchangeable only within the limited area. That can be a workable system, but it is not the intent behind the ITQ systems in Canada. They are intended to evolve toward no restrictions on transferability. You put your finger on transferability as a very key issue.

Senator Cowan: Ms. Pinkerton, you explained why an ITQ costs nothing when the fishery is first established. Presumably, the people who are there with particular ties to coastal communities get in and they have a quota. When you move to the next generation, the cost of acquiring licences leads to increasing concentration, which inevitably, it seems, draws those licences away from the original communities.

In your response to Senator Adams a moment ago, you referred to western Alaska and a transferable quota. It is only transferable within a certain geographic area. Is that correct? Is that why that model worked?

Ms. Pinkerton: The Alaska example illustrates an alternative to a quota system. The fishermen there held salmon licences, and they pooled their salmon licences in a way that made them able to deal with the problems that quotas are supposed to address.

Senator Cowan: So it was an alternative to a quota system?

Ms. Pinkerton: It is an alternative to a quota system.

Senator Cowan: Is there an ITQ system in the Dutch system?

Ms. Pinkerton: There was an ITQ system and then people eventually created something like a community-based system.

Senator Cowan: Were the quotas freely transferable?

Ms. Pinkerton: No, they were not. That was one of the reasons they were able to move in that direction.

Senator Cowan: Do you think our ITQ systems will work in our situation? We already have in most, if not all, of the fisheries moved to the next generation and we have that concentration and perhaps the removal of the loss of the community base, if I can put it that way?

Ms. Pinkerton: As you know, the transferability of limited entry fishing licences creates overcapitalization. We do not totally escape the problem. Ideally, licences would not be something that has market value. Ideally, a licence would go back to government, and reissued on a point system to avoid overcapitalization of the licences. You could do the same with quotas. Failing that strategy, quotas could be transferable only within a certain geographic area. They could be transferable through families. There are many alternatives to forcing out the communities. You can also have quotas owned by the community so people simply lease the quota from the community or from some board or communal

entity. There are plenty of ways to have quotas and licences without the ITQ system problems.

Senator Cowan: How do we get from here to there? I think there is sympathy and support around the table for the idea of giving the communities more say and reversing that trend. The question is how you do it in a perfect world.

Ms. Pinkerton: In a perfect world the Senate would get the attention of Parliament and the Canadian public. The Senate would point out that this is a public policy issue. Parliamentarians would point out that we are losing access to extremely valuable public resources that go along with a lot of identity and general well-being. You would point out that we should intervene and make it a parliamentary issue. You should say we should have no more ITQs in Canada, and we should evaluate the current systems to see if they are delivering on the triple bottom line. We should look for alternatives. That would be a perfect world, I think.

Senator Cowan: You have the system now, and let us accept that the current system does not meet the triple bottom line.

If you were the minister of fisheries, how would you implement this new system?

Ms. Pinkerton: Well, I might start with passing something like the amendments to the Magnuson-Stevens act. The proposed legislation says that existing quotas are subject to an evaluation that might cause them to be overturned and abolished if they do not meet the triple bottom line. Here is where you get to this question of the real property rights of quota holders.

Would-be quota holders are often told by people who are trying to persuade them that you fully own this right, whereas I do not think legally that you do. If you take a broad view of the public trust, the public ownership of other resources which interact with these resources, it is simply not possible to own all the rights, and I think publicly that those rights can be reversed. I think legally they can be reversed. I do not know who has looked at this, but that would be my guess, that that would be the finding. It would certainly be very complex. It is certainly not as simple as it is represented to fishermen.

In the U.S., they are going toward a system of saying they can be reversed if they do not address conservation, if they do not address the triple bottom line. So I think there is a very strong ground on which that question can be raised.

The Chairman: Over quite a number of years this committee has heard that the problem with ITQs quite often is with the T, the transferability. I have noticed that the department quite often uses IQ because many of us endorse the concept of IQs. It is the T, the limits on the transferability, which results in the sale of the licences and the concentration, which causes the value of the fishery resource to move outside the community. This creates the situation where the community that has historically depended on the resource for its livelihood suddenly finds its livelihood moved to another location.

We have many examples on the East Coast, for example, Canso, which was a fisheries port long before Canada ever became or even thought of becoming a country. Canso was a 500-year-old fishing community. There is no fishing coming into the community right now. In Lunenburg, the company decided to move a part of its operation to another town about 50 kilometres further down. That corporation made that decision and it had nothing to do with the community.

In North Sidney last week, Clearwater decided to start doing its surf claim processing in China of cheap labour. It is in the papers. I am not making this up. It is all there. This is a resource. It is right off Nova Scotia's shores, and the corporate decision is that China will do the processing.

Once the quotas moved out of Burgeo, Newfoundland, nothing was left in that community. Absolutely nothing left. The town is going to die. Harbour Breton and the Gaspé area of Quebec are dying.

This situation is very frustrating. When the corporate decision is made it is the taxpayer who has to go to the town's aid. The taxpayer has to fund the EI for the newly unemployed workers. After a year or so, we then have to try to develop a diversification package to revive the town's economy. In the end the government has to step in and relocate

the townspeople. In some cases people stay on and try to revive their town.

This begs the question: why have we not conducted a socioeconomic study of the impact of decisions on communities, especially to look at the transferability part. If the T part of the IQs had been looked at, a lot of these towns might still be viable, or might not depending on what the study would have found, but there has been no study, none whatsoever.

I find it amazing that public policy decisions of this kind continue while in the big bad old U.S.A., where some people are fond of saying that the government is not as sensitive, they are writing into the legislation that evaluation studies must consider the impact of its decisions on the fishing communities.

Why does Canada, a civilized advanced country adopt a policy that is even worse than the U.S. model?

Ms. Pinkerton: That is a very big question.

The Chairman: It is a loaded question.

Ms. Pinkerton: There are many ways to approach that question. We might ask who has made this policy and what dominated the agenda.

The Chairman: Could budget restrictions have influenced the policy?

Ms. Pinkerton: Yes. I think that sometimes an agency grabs a model and does not realize there are other choices. I think a charitable way to look at the question is to realize a lack of imagination and a lack of understanding of the alternatives. As a social scientist I always lament the fact that our natural resource management departments do not take social science seriously. They do not realize that there is a body of helpful knowledge concerning other, more reasonable models. In some cases agencies get stuck in particular paradigms and never seek alternative programs.

Other perverse things happen in agencies that are institutionally entrenched. There is a huge body of literature on the fact that agencies tend to go for short-term rationality instead of long-term rationality. They tend to think short term for a number of reasons, and so the planning horizons are often very constricted.

I just wrote a paper, which I would be happy to share with you, which has at the end a list of about 20 recommendations. The one which might tickle you the most is what if we tied pensions and long-term salaries to the health of the resource.

The Chairman: Mute point.

Ms. Pinkerton: We have set up our institutions to reward certain behaviour. We could change our institutions if we choose to do so. Some of the habits of bureaucracies that make it difficult to get good resource management are alterable. It would be quite a job, but we could start the conversation.

The Chairman: In item number 3 you ask: how much privatization is there in ITQs? and you go on to answer that "In some ways, ITQs cannot be considered privatization." You say the stock from the annual flow belongs to the public.

In the he following paragraph you do go on to say that in New Zealand where the companies pay for studies that they will not share with the public. You go on to say that some British Columbia some companies are starting to use the same argument.

You are saying it is a publicly owned natural resource but you counter your own argument by saying that the companies themselves are taking ownership of the property. When the companies refuse to share their information it is becoming a private property, is it not?

Ms. Pinkerton: Yes, I think you could say that de facto ITQs are being managed as if they are private property, whereas de jure I do not think they can be or they cannot be completely, as completely as the actions would imply.

The Chairman: If somebody has been given a licence year-after-year, for 40 years that individual is at the point

where he or she is likely to get a bank loan based on the licence. At that point the licence becomes, to use the DFO term "quasi-property." Soon the "quasi" is removed from it and it becomes property.

I wonder whether a judge might not be sympathetic to the fact that this is, in fact, property and that the department is whistling past the graveyard if it thinks that it is still common property given the way it was handled over the years.

Ms. Pinkerton: Whichever way it is, it really should be clarified.

The Chairman: Some of us suspect that the proposed changes to the Fisheries Act will give the minister the right to say that they are private property.

Ms. Pinkerton: If that occurred, it would seem to me that the minister is letting go of his responsibility to fulfill all of the duties connected with the changes.

The Chairman: His unfettered right to manage the fishery on behalf of Canadians, which is a resource that belongs to Canadians.

Ms. Pinkerton: And everything connected to it, which has public implications.

The Chairman: This committee would like to look at alternatives. We will certainly be looking at the question of a limit on the transferability of ITQs and other models.

Do you have any alternative models in mind? If you do could you please forward them to this committee as we are interested in solutions to this problem. We would like to look at the various models. ITQs may be the best way to go. We really do not know. We are open minded on this subject. We are open to suggestions, whether it is ITQs, limits on transferability, community quotas or the Alaska model. We are open to any kind of suggestions whatsoever.

We are trying to keep an open mind because there needs to be a public debate on this, and it has not happened, in our view, to the extent that it should. We have heard DFO say that it is consulting. We will let the industry tell us whether it is or not.

We would like your suggestions because you are a social anthropologist and have different solutions to this problem.

Ms. Pinkerton: Do you mean now?

The Chairman: No, no, because we know that this is much deeper and much wider.

Ms. Pinkerton: Yes, I would be happy to.

The Chairman: ITQs, fortunately or unfortunately, are easy to understand. It takes about a couple of minutes to list all the advantages. Most classical economists are very good at doing it in even less time than two minutes. Community-based models and regional quotas are much harder to understand. We had the Aquatic Management Board of the West Coast of Vancouver Island before us a couple of months ago, and my God, my eyes just glazed over after a little while in trying to understand, and they are not even a community-based system yet.

As one who studied resource management and the impact on communities for a length of time, you might be able to help us.

Ms. Pinkerton: I would be happy to try.

The Chairman: I want to thank our witnesses for their presentations and comments today.

Michelle James, Past President, British Columbia Seafood Alliance: The British Columbia Seafood Alliance, BCSA, is an association of associations whose members represent 90 per cent of B.C.'s commercially produced seafood from capture fisheries. It is the most representative fisheries association on the West Coast.

Alliance members believe environmental sustainability and economic viability in fisheries can go hand in hand and take a keen interest in the management aspect of the fisheries. Some of its member associations represent quota fisheries; some do not.

When the Senate committee published its interim report on Canada's New and Evolving Policy Framework for Managing Fisheries and Oceans, the BCSA was dismayed that committee members appeared to have considered only one perspective on the changes in fisheries management over the last decade. In June 2005 we were pleased to present your committee with our brief, "What do we want from British Columbia's commercial fisheries? The case for reform."

We also suggested that the committee visit British Columbia and hear for themselves how most quota fisheries in B.C. have improved conservation, economic returns and working conditions.

Unfortunately, with the exception of this presentation on groundfish trawl quotas, this has not happened. Indeed, we would not have even heard about these hearings if it were not for a board member of the West Coast Vancouver Island Aquatic Management Board.

Because this committee has not contacted organizations that are actually representative of salmon fishermen or quota fishermen, your hearings will not canvass the full range of views on the government's new and evolving policies.

The Chairman: Might I stop you at this point. You say that we have not contacted your group. In fact, you have appeared before us in Ottawa.

Ms. James: We are talking about all the various salmon organizations. There are about 10 salmon organizations on this coast.

The Chairman: Did you want us to come up for a few months?

Ms. James: Possibly.

The Chairman: I do not want to be argumentative, but we are not going to every village or town or community in British Columbia.

Ms. James: No, we understand that.

The Chairman: We were in communication with your group, and they did appear in Ottawa.

Ms. James: The BCSA has appeared as an umbrella group, but there are many other salmon fishing organizations intimately involved in this particular issue. They are elected organizations that represent two-thirds of licence holders.

The Chairman: Okay. I just do not want to be argumentative.

Ms. James: Out of 17 primary fisheries in B.C., nine of them are currently managed through some form of individual quotas. Fifty-four per cent of the total landed value of B.C. commercial fisheries in 2004 was produced from individual quota fisheries. While the BCSA does not advocate individual quotas in all fisheries, managing fisheries by directly managing the amount of catch of each operation is a valid management tool.

In our June submission, we gave you three compelling reasons why fisheries reform is necessary on the West Coast. These reasons are effective conservation and management of the resource, the need to settle treaties with First Nations and transfer allocation of the resource in a fair and equitable way, and the need to compete in a globally competitive seafood market by providing consumers with sustainable consistent healthy quality food products at a fair price.

We suggested that the committee should look in particular at the changes in the groundfish trawl industry since 1995 which show how a fishery can go from a poor record of conservation and dismal economic performance to one characterized by dramatically improved accounting for catch and bycatch, better science, improved stewardship and

much better economic returns that have benefited vessel owners, crews and communities. We hope that the committee will bear this in mind when you are looking at salmon quotas.

Bruce Turris, Executive Director, Canadian Groundfish Conservation and Research Society, British Columbia Seafood Alliance: Senators, I appreciate the opportunity to talk to you today, and I am not here to try to sell you on the concept of individual quotas. I am here to tell you about the groundfish trawl fishery. Obviously individual quotas are a component of that fishery, and hopefully I will describe well enough what we were like prior to the changes in management and what the results have been since those changes.

As some of you may know, I have been involved with the management of fisheries for well over 20 years, but the chaps to my left here are long-time industry participants both in the harvesting side and the processing side as well, so collectively we can answer your questions after the presentation.

The trawl fishery is a limited-entry fishery like most others on the coast. I am sure that the situation is the same on the East Coast. We have 142 limited entry licences ranging from 35 to 150 feet. It is a 12-month fishery. We catch 60 or more commercially valuable species. It is a much more complex program than most fisheries because of the multi-species that are involved. Rockfish, sole, flatfish and cod are all part of the mix.

We fish the entire coast, with most of the processing performed in Rupert, Vancouver and Ucluelet. We have about 12 processing facilities throughout the coast, including a couple in Washington State. Most of the groundfish go to the I-5 market down in the U.S.

Prior to the 1996-97 changes the fishery was managed with TACs on most of the species, but they were managed on a coast-wide basis because we did not have the ability to manage stock-specific TACs. The fishery ran all year. We had monthly fishing periods. First you take those TACs and you break them up into quarterly periods throughout the year, and then within that quarter you would have monthly periods. Trip limits were the management tool used to restrict effort, and you had options of trip limits of two, four, or 15 depending on the size of the vessel and how many trips a month that you wanted to do. Of course, the more trips you were allowed to do in a month, the smaller your trip limit. As the quarterly allocation of the TAC was approached, the trip limits would decrease, resulting in increased at-sea releases, "discarding" as you might call it, and less accurate information coming in regarding total catch and true mortality. We had 100 per cent dockside monitoring, but again that did not account for at-sea releases. We had logbook data, which were very incomplete, and various gear restrictions.

The system had many problems. Coast-wide TAC management did not account for stock-specific TACs. As an example, we might have five stocks of Pacific ocean perch, but our inability to manage those stocks individually meant that we grouped them and managed them as one stock from the entire coast. That is not the best way to manage the resource. Those coast-wide TACs were exceeded over the years under the trip limit scenario, and that was based on landed catch only with no accounting for at-sea releases.

Harvesting capacity and effort increased in most limited-entry Olympic-style fisheries. Our stock assessment capabilities were poor and were eroding because catch and effort information, which was used for stock assessment at the time, was becoming unusable due to the management and behavioural changes in response to smaller and smaller trip limits.

The costs associated with fishing increased with the ongoing race to catch the fish. Safety became more difficult and more hazardous all the time. Landed values decreased because of poor product quality, inconsistent supply and glutting the market. TACs were exceeded, not only because of overharvesting but also because of increased precautionary management in response to the poor results from the management regime and the increased discarding at sea. Markets were shrinking, and generally the conservation, economic and safety risks associated with the fishery were becoming increasingly high.

In 1995, the situation became so serious that for the first time since the 1940s the fishery closed. With more than a quarter of the season yet to go, more than two-thirds of the TACs had been exceeded, some by more than 100 per cent, and that was strictly based on landed catch and did not account for any at-sea release mortality. Trip limits were so small that at-sea releases were generally greater than the landed catch, and the sustainability of the stocks were in

jeopardy. Many believed that the fishery was on the verge of collapse.

The fishery closed. We had an opportunity to meet with the industry to find a new direction for the fishery and the resources. The department and the industry set primary objectives for that fishery. First, the fishery had to be reopened. The primary objectives included ensuring that catches, both at-sea releases and landed catch, would stay within TACs. It was essential to manage the resources on a stock-specific basis, not a coast-wide basis. This management would ensure that individual stocks would not be overharvested. Another objective was to encourage sustainable fishing practices and greater industry support for improved science both short term and long term.

Secondary objectives included greater economic benefits and improved market stabilization allowing for regionalization and specialization. Noted in these secondary objectives was encouraging safe vessel operations and trying to avoid the pitfalls associated with quota leasing and quota concentration. We stressed that maintaining existing processing capabilities and employment stabilization in coastal communities would provide for economic development in those communities. We included the fair treatment of crews involved in the industries.

The plan included IVQs, individual vessel quotas, as one of the components. They had trawl stock-specific TACs in it. It had an IVQ allocation formula developed in collaboration with licence holders, the union, coastal communities, and the provincial and federal government. Individual transferability was allowed in the system to address the operational realities of the fishery, but restrictions were put on transferability to deal with quota concentration and possible impacts on communities. The plan identified individual species caps and total holdings caps, to restrict concentration of quota and ensure that quota was available for all to participate. The program includes rules for at-sea mortality and 100 per cent at-sea monitoring with observers in line with 100 per cent dockside monitoring. It includes overages and underage rules.

The Groundfish Development Quota became part of the plan. Community interests and the union came together to deal with stabilization in communities, community development, responsible fishing, and crew issues. We kept many of the traditional management measures regarding area closures, gear restrictions, vessel size limits, et cetera.

Obviously that does not do justice to the description of the plan, but as Senator Comeau identified earlier, most of you understand the concept of individual quotas. I just wanted to put it a more comprehensive look. Many other items were identified along with the IQs in the plan.

The results of the nine-year program have been notable. On the conservation front, we now have a situation where catches are within total allowable catches on a stock-specific basis let alone a coast-wide basis. In fact, since the implementation of the program we have never had a TAC that has been exceeded in the fishery, and we are talking about the management of nearly 60 different stocks in this fishery. In fact, in some cases the management of the TAC has been far under the established TAC.

The IVQ halibut by-catch mortality cap is an example where we used to have around 2 million pounds mortality, which was about a million pounds over what the government wanted it to be, and under the new system the annual catch is about 700,000 pounds under the limit set by the government. Catch utilization has improved. Sustainable fishing practices are evident as vessels use shorter tows, selective gear, net mensuration devices, and good communications to ensure that people stay away from high by-catch areas.

Data collection for both stock assessment and management is significantly better now with the data from the at-sea observer program providing stock-specific information on an area basis, including at-sea releases, all of that used for management of individual quotas and total quotas as well as for assessment purposes.

We have improved cooperation between the fleet and the managers and the scientists in the industry. Industry funds at-sea and dockside monitoring programs to the tune of about \$3 million each year. Industry also funds considerable groundfish science in cooperation and only in cooperation with the government, not on a stand-alone basis at all. It funds yearly research surveys, stock assessment activities and joint research biological sampling programs with the department. The industry has been involved with about nine different surveys both off the west coast of Vancouver Island and Queen Charlotte Sound and in Hecate Strait.

In addition to some of the conservation and management gains from the program, the economy has benefited as well. Obviously, the race to the fish has changed to one of maximizing the value of the catch in line with individual allocations. We have a much greater emphasis on product quality and servicing of the market and a better product mix as well.

All of these have resulted in increased landed value and average landed prices to the fishery. I have included the associated graphs and tables in my information handout.

Markets have improved partly due to quality but also due to value improvements and consistency of supply. Under the old system, much of the product would come in a very short period of time while at the same time leaving much of the quarter without fish or very few fish, and that would start at the beginning of each quarter. There would be large gluts with starvation of the market through the rest of the year. The new system has addressed those issues and enabled the industry to exploit new market opportunities.

Under the old system, there were too many vessels in the fishery. Fleet rationalization established the current fleet of 40 to 50 bottom trawl vessels and 30 to 40 hake vessels are all active and viable in the fishery.

Distributional benefits are a result of the Groundfish Development Authority component of the program. GDA provides incentive for vessel owners and processors to conduct business and generate broad industry benefits. Generally, a 10 per cent of the total allowable catch is set aside and at the disposal of the Groundfish Development Authority to allocate out to proposals that come in from vessel owners and processors. The proposals must show how they are going to provide community benefits in terms of stabilizing employment in communities and existing processing facilities.

The addition of creative new selective fishing techniques will benefit the fishery in terms of responsible fishing practices and will ensure community development throughout the province. They are rated and scaled and then allocations are made. Recommendations to the minister are made on allocations of that 10 per cent to the proposals that are provided to them.

That GDA and the GDQ process have provided considerable market stabilization, crew employment stabilization both at processing plants and on the vessels and have addressed some of the ills that we have heard about IQs in the past in terms of quota concentration and exploitation of crew and armchair fishermen.

Analysis on a boat-by-boat basis shows that in excess of 90 per cent of the quota has stayed in the hands of the active fleet. Indeed, the number of processing facilities handling groundfish from the groundfish trawl fishery has actually increased since the implementation of the program.

The program, including the IQ component and the GDA component, has resulted in the crew and the vessel owners being better off now than they were prior to IVQ and that is without accounting for the fact that prior to IVQs we were often overharvesting the resource by 100 per cent. We are catching less fish, and the benefits to the vessels and the crew and the processing facilities are greater than ever before.

Based on program reviews, the trawl fishery is providing a good living for the current participants through improved earnings for both vessel owners and crews, flexible crewing arrangements, and a much safer working environment.

Fleet specialization is good for selective fishing and responsible fishing. Industry participants, especially licence holders and IVQ holders, are more concerned about the long-term health of the resource, and that has led to considerable co-management relationships and a very positive relationship between the government, science, management and the industry participants. That is obviously shown by some of the funding and co-management activities that are going on in science.

The government also collects about \$1 million in annual licence fees compared to about \$1,400 that they collected prior to the IQ program, and that is not to mention the increased tax revenue.

Senator Hubley: You have seen some dramatic and very positive changes in the fishery since 1997.

Do you give the introduction of ITQs or VQs credit for those positive changes within your industry?

Alan Williams, Principal, Fisher Bay Seafoods, British Columbia Seafood Alliance: In September 1995 our industry was bankrupt and the resource was in serious trouble, which meant that the crews and the communities were also in serious trouble.

The system continues to evolve and the last nine years of changes have been interesting to experience. We have seen many changes during that time.

The sustainability, accountability and responsibilities associated with the resources are fine. The next stage is we are seeing what actually happens to communities, fishers, and vessels and it is not all bad. It is really quite interesting.

Senator Hubley: You noted that more groundfish is being off loaded and/or processed in coastal communities. In fact, I believe there was one suggestion that there are more processing facilities. Are the facilities in rural coastal communities or are they in larger populated areas?

I want to understand what has happened in the processing of B.C. fish since 1995 to see the impact on the communities. Did pre-1995 conditions influence the post-1995 plan?

Mr. Williams: Absolutely and it was a consideration while we formulated the ITQ program.

I operate processing plants in the coastal communities of Sidney and Ucluelet. Prior to ITQs most of the groundfish were processed in Vancouver. Prior to the new system there was a steady degradation of fish processing facilities on southern Vancouver Island due to the failure of competitive fisheries. They were all just simple limited entry competitive fisheries, and through my lifetime I watched them fold up and go away. Now we operate our facility in Victoria with 65 full-time employees 12 months a year. That is a significant change. We are a non-EI collecting sector.

Ucluelet has experienced a change as well. We watched the whiting fishery and the Pacific hake fishery evolve in Ucluelet as prior to and after the introduction of the IQ fishery Korean and several American multinational companies owned the fisheries. Over the years, due to their desire to maximize their annual bottom line, they all failed. They employed very poor long-term planning. After nine years of our IQ system we have seen those multinational players fold up their tents and go away, leaving the communities bereft of work.

I do not want to sound like I am overstating the situation but from the local point of view the situation was terrible. People like me, quota holders and boat owners involved in processing, had nowhere to sell our fish. People with a stake in this industry had to do something.

We have taken a three-month hake-processing season and extended it to a seven-month processing operation that I fully expect to go well into its eighth month of full-time well-paying jobs. I think that is a success story. Would it have happened under another system? Absolutely not.

Mr. Turris: For example, this year we have a turbot processing facility up in Masset, which we have not had before, and we have an application for groundfish processing in Shearwater. The reason they make applications is because we have to designate the landing locations, so we have to identify and appoint observers to go and offload and monitor the catch in those locations.

There certainly has been a movement away from processing fish in Vancouver to the coastal communities. Prince Rupert processes more fish now than Vancouver does, and that certainly was not the case prior to quotas.

As much as IQs are an important component of the plan, there are a number of components that make it work. One hundred per cent at-sea observer coverage is extremely important to the success of the program. From a manager's perspective, I would argue that it is just as important as the IQ component. The GDA is obviously an important component that ensures that the fish go to established community plants. The entire plan is important not just the IQ component.

Senator Adams: I come from a small community. Our fishery is not like the B.C. fishery and our fish up do not grow as fast as they do in your waters.

I am always interested in finding out more about how the ITQ system would work. As in Canadian waters, other countries are running out of fish, and foreign commercial fishermen want to take over Canadian fishing companies. To me, you people are 100 per cent Canadian.

If we adopt the ITQ system what percentage will you be able to control or keep? How much of the quota will support the people who live in Canadian communities?

Senator Comeau mentioned earlier that many East Coast fish plants are closed up. An ITQ system will mean more big fishing vessels. I am familiar with Clearwater Seafoods and big corporations. The fisheries sector in Canada has been mostly 100 per cent Canadian-owned. China is a competitor now with their cheaper labour, as is Portugal. People who live there can work on these big vessels for less money than Canadian citizens would expect to earn.

If I were a fisherman living and working in Nunavut, I could not support my family unless I earned \$80-\$100 dollars a day. I heard that the Chinese and Portugese can support a family on \$1,000 dollars a year. That is the kind of thing I worry about.

The ITQ system will mean more foreign vessels and foreign workers in our waters. I see you supporting our communities, but I am worried about your foreign investment partners taking control. I heard that foreigners could hold up to 25 per cent controlling stake in a company. Is that true?

Mr. Turriss: No, that is not the case in Canada. The groundfish trawl fishery has rules that limit the amount of quota any one vessel or licence can have. They are all Canadian-owned vessels, and those caps are put in place on the vessel to make sure that there is not excess concentration of the quota. There are caps on the amount of any one species that any vessel could hold, and that is to ensure that each species is wildly available to other vessels so they can get their fish out of the water for by-catch purposes, et cetera. There are concentration limits.

In addition, there is the Groundfish Development Authority process under which they have access to 10 per cent of the quota to leverage the other 90 per cent from all the remaining quota holders.

Senator Adams, I cannot speak to other programs but I think we have tried, in the design of this program, to find the balance.

Transferability, as Senator Comeau had mentioned and others have talked about, is a concern. This fishery is extremely complex. In one trip, a vessel may catch 30 different species. We are trying to manage 60 or so species.

You need that transferability from an operational perspective so that the vessel can stay within allocations. If a licence-holder has all these allocations and goes over on one but has the ability to get it from another licence holder he will not waste that fish but keep that fish and fish responsibly.

It is to make them accountable and responsible for all of their catch. So for operational reasons you need transferability. Do you have to put limits on it? Definitely, and we have put limits on it to make sure that you limit the amount of quota concentration, you limit the amount of abuse that may accompany the concept of transferability, but it is also an operational requirement.

Senator Adams: I think that Iceland and New Zealand have been operating with ITQs for many years. Do you know if the ITQ system is putting money into the communities?

Mr. Turriss: Almost all of the Icelandic fishery is under the ITQ system, but to be honest with you, I cannot comment on whether or not it has met all of the objectives for community development.

Senator Adams: Witnesses from New Zealand tell us that the New Zealand government gave out quotas of over 60

per cent to the local Maori population, and not one Maori works in the commercial fishery. That is why I asked about the ITQ system.

Mr. Turriss: Ms. Pinkerton said she was surprised that there were not any quotas held by the NTC. Well, actually, there are a number of IQs held by the NTC, but they are held by the band, not by individual fishermen within the band. There are five halibut quotas held by the NTC, five salmon troll licences, and two rockfish licences, and there are a number of other IQ permits allocated to bands throughout the coast.

Senator Adams: We have a little difficulty in Nunavut right now. A local organization hired someone from Newfoundland — and I do not want to mention his name — and a foreign partnership has developed.

We signed a land claims agreement and we want to control our future economy. Can a person like that bring in foreigners to catch fish that are supposed to belong to us, with not even one penny going to the community?

That is what the future may hold if we adopt the ITQ system. If you people understand that future revenues stay in the community, I can support you. This is some kind of an investment group, and they want to make a profit. I do not think this is the way to go in Canada.

Mr. Williams: I would like to suggest as both a processor and a fisher and I also participated in the formulation of the Groundfish Development Authority and all its rules, I would like to suggest that it serves to address the sorts of issues to which Senator Adams refers.

I strongly suggest that you ask Mr. Humphries to address you and tell you how it works because as a processor, I rely on it for stability of fish coming in, and the other fishers who work with and for us very much take ownership of that system.

I can assure you that at next year's GDA presentation meetings the subject of outsourcing to China will be a big issue. B.C. processing companies that guarantee local processing will do significantly better at receiving GDA quota than those who do not. That is going to be a natural thing that will flow out of the process, and that was its intent when it was formulated.

Brian Mose, Director, Deep Sea Trawlers Association, British Columbia Seafood Alliance: As a pre-1995 fisherman I delivered my fish to Washington State. I was one of the top 10 competitive fishermen in the B.C. trawl fishery, landing 6-8 million pounds a year.

Since we have gone to the ITQ system, the GDA, and the GDQ formula, I have not scored very well landing fish into the U.S. The market was there, the I-5 corridor was there, there was a processing machine right there over the border, and there was a benefit for us to do that because we saved a few cents. However, once there was an incentive to come back to Canada to process that fish in the form of a groundfish development quota, we have since moved out of the U.S. and do all of our processing in British Columbia.

Senator Adams: I visited the Highliner Foods plant in Lunenburg over three years ago. One of the managers came to me and said, "Oh, we pay quite a few royalties to Alaskan natives." He was talking about Alaskan crab. He said, "We have difficulty buying Canadian product because it is priced too high." Is that true?

Mr. Williams: It is true.

Senator Cowan: Mr. Mose, have you seen a movement to either offshore processing or at-sea processing?

Mr. Mose: I think the trend is clear and documented. The processing facility I used did 10-12 million pounds a year from British Columbia. That was B.C. groundfish pre-ITQ, and up until last year, it was probably down around 2-3 million. That processing facility will experience further reductions of ITQ species in the future. A GDQ review shows these types of declines.

Senator Cowan: The chair has spoken a couple of times about experiences we had back in Nova Scotia where surf

clams are going to China for processing because of cheaper labour costs.

Mr. Turriss: Our experience is that the GDA and the GDQ systems have brought far more processing into the province.

The other example of outsourcing of the processing was Pacific hake, where we had a joint venture fishery where Canadian vessels would catch it and it would be processed offshore by foreign vessels. The joint venture fishery for the foreign vessels is almost gone. I think this year it was about 10,000 tons with about 90,000 tons processed in British Columbia shoreside. It used to be just the opposite. We would do about 10,000 shoreside, in about 1995 or so, and 90,000 tons offshore on the foreign vessels.

I am not aware, and, Alan, you may know better, of any major outsourcing other than to the U.S. for processing.

Mr. Williams: Yes, there is a little bit of turbot that goes to China for processing and comes back into North America, and I have no doubt that again because of the GDA process and system that system will essentially force that processing into British Columbia.

I would like to point out that one size does not fit all. What works in Alaska and the Chignik Lagoon is different than what happens in Nova Scotia. Nova Scotia has a history of corporate ownership as opposed to the owner-operated small processor in B.C. Each coast has developed in very different ways.

I am involved in fishing in the IQ system, so I have confidence and faith and understanding in what is happening there, which translates into confidence to invest in communities, facilities, people and infrastructure. I do not think that can be understated.

I watched what the multinationals did, and I thought is anybody watching what is going on here because I would not have done what they did at that point in time. We are seeing a much more knowledgeable community-based investment atmosphere happening. Frankly, I think it is a fascinating anthropological development.

I believe you are going to be in Ucluelet on Wednesday and I would like to take the opportunity to invite you to tour our whiting processing plant and witness our operation from ocean to retail-ready secondary processing.

Senator Adams, your issue is very similar to my issue, where we have local people in the town of Sidney, British Columbia who feel that this is their fish plant and this fish should keep coming to us because that is our industry. I have great sympathy for that. It is the same in Ucluelet. The Ucluelet people, the West Coast Aquatic do not seem to be horribly close to what I do, and I seem to catch and process the fish. Regardless of that, they are doing a good function.

I am very sympathetic to the whole notion, and I could get in big trouble and undoubtedly will with some of my colleagues for saying this. I am very sympathetic to that process of somehow tying the resource in a loose sort of way, because what we have learned in the processing and fishing is flexibility is necessary for good economics. There is no point in propping up a facility where it does not make sense because economics will prevail in the end.

Secondly, I believe there are definitely mechanisms to solve Senator Adams issues, and I think they should be solved. Frankly, from sitting where we are in the development of the British Columbia fishery and plants and communities, I do not think it is a difficult thing to do.

Senator Cowan: To what extent is product processed at sea here off British Columbia?

Mr. Turriss: The regulations only allow a vessel to head, gut and freeze its own fish on-board the vessel. They cannot fillet it or process it any other way.

Senator Cowan: So they cannot take catch from other vessels?

Mr. Turriss: No.

Senator Cowan: With larger freezer vessels, that sort of thing, is that an increasing trend here or not?

Mr. Turriss: Yes, in the last year or so it has become an increasing trend. There seems to be an increase in vessels freezing their own fish on board for certain species. Excluding hake, probably 75 per cent to 90 per cent of the product goes to the fresh market, though. In fact, one of the concerns is that we rely so heavily on that fresh market in the I-5 corridor down in the U.S.

To respond to that concern of all your eggs in one basket some operators are looking at the option of on-board freezing to satisfy other markets.

Senator Cowan: You talk about the 100 per cent monitoring; is this information shared with DFO?

Mr. Turriss: Yes.

Senator Cowan: There is an issue concerning the refusal of some competitors to share information.

Mr. Turriss: I was stunned when I heard that, as were my colleagues. All the information we collect goes to the Department of Fisheries and Oceans. It is held in DFO databases. We do not even get access to it on an individual basis. We might get access to reports, cumulative reports, but all the information is provided to the department. Obviously they do not provide it to just anybody because they are subject to privacy rules and regulations, but certainly all our information goes to them.

When I say the industry funds these programs, they fund the programs in terms of paying the contractor directly as billed for the services rendered, but the information is given to the department, not to the industry and then to the department. It is given directly to the department.

Senator Cowan: The objection that the individual quota holders would have to the release of that information would only be with respect to competition; which particular vessels caught what in what particular area.

Mr. Turriss: That is correct.

Senator Cowan: The general information ought to be available.

Mr. Turriss: As far as we know, it is made available.

The Chairman: We received the impression that the information provided to government is becoming increasingly difficult to access by non-industry people. I pass that off as the impression whether it is true or not. We were left with the impression that DFO viewed it as industry information of a private nature.

Mr. Turriss: That would be subject to their privacy rules. I am only aware of one incident where an environmental group was denied information that happened to include individual information in the requested database.

The Chairman: You indicated you have restrictions on transferability in order to limit concentration. Are these departmental restrictions or your own restrictions?

Mr. Turriss: I will try to describe and then I will let Brian and Alan tell you how it works in their world. Senator Comeau, the licence holders, the union, the communities, the province and the federal government developed the plan cooperatively. One component of the plan included rules around policy that would restrict the movement of fish to limit the concentration and the rationalization of the fleet. Those rules have evolved over the last nine years because every few years they are renegotiated. Again, all parties have to sign on because there is always a fall-back, which is worse than it was before.

The way it works right now is that vessels are only allowed to make so many permanent transfers of their fish over a period of so many years, and they can do temporary transfers, and plus so much of their fish, based on the new rules that have been approved, would have to stay on the vessel.

The rules that are signed off by all parties and are in place right now, and they are certainly restrictive on the fleet, and I am not going to tell you that every vessel owner is happy with them, but, again, they are rules that are put in place as policy within the program.

The Chairman: Have the local communities signed on?

Mr. Turriss: Yes.

The Chairman: If the community is involved, this sounds like community involvement with your fishery, for lack of a better way of saying it.

Mr. Williams: The community has a lot to say, but the dynamic, fluid, flexible system deals with the complexities.

I would not want to give you the impression that I personally believe that a certain fish should be tied to a community, because if the darn fish does not show up outside that community this year but shows up outside the next one, what do we do, leave it in the water? That is not to say that there cannot be general and effective methods, and we are convinced there are straightforward things to create.

Mr. Mose: I do not want you to have the impression that we all got together, had a big group hug, and came up with this plan because that is not the case. In fact, I cannot believe I am sitting here right now endorsing this, and I would not have it any other way.

I went through a period of time that was very difficult in order to get to this plan, I lobbied against it, and when it was inevitable, I chose to embrace it.

The Chairman: Alan mentioned the point that one size does not fit all and this committee is trying to understand that. Like any good carpenter, we have a toolbox, and the more tools there are in the toolbox the better a job we can do in building something.

This committee is of the opinion that the Department of Fisheries and Oceans did a great disservice to itself by not including communities in its policies. I will be perfectly blunt: Communities were seen as outsiders. They had no business involved in DFO's plans. Many DFO officials will still tell you that a stakeholder is a licence holder and that the community has no business being involved in the question of licensing and the question of quotas.

Many senators on this committee are not of that opinion because believe that communities invest. Yes, licence holders invest in their communities, but community people also invest in the development of the resource. They have invested in schools, hospitals, homes and so on. Why should they be excluded when government comes along and says, "Well, the adjacent resources to your community are being parceled out now"?

What I am hearing from you is that, in fact, in this case it might not have come directly from the DFO but it might have come from you directly, you yourselves as community people saying, "We want the community to be involved in this process."

Mr. Mose: I live in a community on Vancouver Island, and initially I thought communities had no business in the process, and I was a community person. This did come from DFO. We as an industry, and my colleagues would probably rather see me say that we were responsible for all the good things about our program, but, in fact, there was some leadership somewhere that drove us to this because we have changed. The B.C. trawl fleet has gone through a tremendous transition and part of that transition includes understanding that the stakeholders are important in the process. We now participate and collaborate with them in a very meaningful way.

Mr. Turriss: Senator Comeau, if you recall, in the mid-1990s our NDP government was at loggerheads with the federal government. The federal government did not want to have another head-on fight with fisheries and essentially opened the door and said to the province, "Come and be part of our process and help us develop this." When the province agreed, it insisted on the participation of the unions and the communities. This was the formation of the roundtable. We decided we were going to deal with a consensus process, and that is how it has been ever since.

Mr. Williams: If I may just address the concept of community quotas from the point of view of the fishermen. The community collecting a rent for the fish for some fat cat, cigar-smoking guy on a beach somewhere is no different to the person on the boat, so I am highly suspicious of the concept of communities owning quota.

I am supportive of communities participating in getting the processing fish, the service and all that stuff, but we do not want and I think it is detrimental to the people who work on boats to have another level of rent. I can see that is all it will be in the end. It will lead to a false economy rather than a flexible, vibrant industry that gets on with the job.

The Chairman: What you are saying is that you are sympathetic to the resources adjacent to the community suddenly leaving that community high and dry and the community having had no say in the loss of its adjacency.

Mr. Williams: Yes.

The Chairman: Like I mentioned earlier on to some other witnesses, Canso, Burgeo, Harbour Breton on the East Coast, you do not want to see the same thing happen to your own communities.

Mr. Williams: No.

The Chairman: I think we are talking the same language. Language is a difficult way of communicating, and I still have to do a little bit of translating in my own mind, but language is an imperfect way of communicating.

Mr. Williams: My fear, Senator Comeau, is that if Port Hardy, Ucluelet, Sidney, Vancouver, et cetera were to have the proprietary right to a quota system it would become a method to make money, and it would cost the fisherman. I do not see that as productive because the fish will come to the community regardless.

The Chairman: I hear what you are saying, and we have to hear what Senator Adams mentioned about his own people and his own district. For example, watching southern interests fish the resources adjacent to their shores while his own people watch from a distance and see the vessels coming in and leaving with their resources.

This quirk of fate occurred during the downturn of the fishery and because this resource was not utilized at the time, it was given away. Regrettably, we cannot turn back the clock.

Senator Cowan: You mentioned that the post-1995 system has improved data collection and information for determining not only the catch but also the at-sea releases or mortality rate. You also mentioned that the system gives some flexibility so that if you exceed a certain by-catch then you can buy or trade quota amongst your fellow fishers.

Mr. Turris: That is correct.

Senator Cowan: You do that freely, and that enables you to avoid dumping at sea?

Mr. Mose: Discarding at sea takes place in sub-legal fish and some non-marketable fish in some areas, not all areas, and not all species. There are mortalities that are associated with some species as well so that you can release live. For example, we try to release halibut live and then our dead weight is not as severe. And this is all observed catch, so we have catch data on all of it.

In terms of transferability between vessels, there are a couple of types. You can have transferability when I may exceed on a species in an area, and providing I am not at the cap, which is the concentration cap, I can go to another vessel, call a friend and trade species for species based on value pound for pound providing I stay within my caps.

My vessel is particularly unusual in that several of my species I am at that threshold, that cap. I have been accumulating as much as possible for my vessel and employing more people in the process, and so I am extra careful on my vessel because the rules have rigidity within them that could stop me from fishing, period.

The transferability component, without it we would be stopped. I probably do 40 to 70 transfers in a 12-month fishing year, and that is to and from the vessel in order to help other vessels out or to help me out.

In the early stages of our transferability we were very specific. When a guy called you up and said, "I want some Pacific ocean perch from area 5b," you would say, "Okay. Well, this is what I might need. How about we trade pound for pound?" We would say that is worth a little more or a little less, and we would squabble quite a bit about it, but we would get it done always. We have a great relationship now. Almost weekly, someone will call and ask for 3,000 pounds or 4,000 pounds of a species in an area, and we will just process it right away. I will catch up with him later when I need something. The process is really working very well.

Mr. Turriss: The marked difference, Senator Cowen, is in the old system they would catch their fish, and once they hit their limit they would just discard everything and it would be lost. We would not account for it. Now, the IQ includes discards. An observer is on board to monitor and record that and count it against their quota, so then when he comes in, even if he has discarded it because he wanted to highgrade it, if that is the case, he is still paying a price for mortality based on what he released. Rockfish is 100 per cent mortality. He needs to be able to transfer to cover any excesses of allocation that he has on his licence. If he cannot, then he is closed down. He cannot fish anymore. If he has gone over his allocation in an area-specific species, then he is closed in that area. Some of these are coast-wide species of which halibut and sablefish are examples. If they exceed that, they are closed coast wide. They cannot fish anymore anywhere on the coast. The system provides great accountability.

Mr. Mose: It takes a lot of training to do the job properly and the boat operators must be very aware of their holdings.

At one time, my mentors were all Olympic fishermen. I am a fifth-generation fisherman. In the early 1980s, we fished for the market and discarded what was not marketable. By the 1990s, the market became so competitive so Olympic.

I can tell you that on my vessel I was young, and even my family said, "You are out of control." I had a big loan. I never had a harbour day. When we unloaded, I did not care about the weather. We went fishing.

In the early 1990s we fished full bore, and DFO's trip limits, the long list of species of trip limits, they were all going to be onboard that vessel when we landed. Did not matter whether there was 2,000 pound or 50,000 pound species of limits, they were all going to be on that vessel each and every time we landed. That is what we needed to make it pay.

Mr. Williams: There is a basic concept, which brings us to Dr. Pinkerton's Dutch example. I have trouble understanding that whole thing because in the B.C. fishery we have accountability, responsibility, and the consequence that goes with the responsibility. That is why we have not had a TAC overage in nine years, and it simply cannot happen because we attach those three things to the individual boat driver.

The Chairman: That leads right into my question. You do not need to answer my question today but I would appreciate a written explanation from either or you soon.

Please explain to us the process by which you officially consult the community if you make any major changes to your ITQ system. I am talking major changes because we are quite interested in what you have been able to work out.

I would like you to explain the control on the transferability, the amount that one could concentrate. That would be very interesting for us again as a model because we are looking for various models to place in our tool box.

Finally, my last request, and this one you might be able to answer now, the main part of our study over the past few weeks and the coming weeks has been mainly on salmon, and we have not touched on salmon at all during your presentation. Salmon is difficult to place under an ITQ system for many reasons, they swim together and they are pelagic and so on.

Mr. Williams, have you people had a chance to look at the idea of placing salmon under an ITQ system.

Mr. Williams: I was a salmon fisherman for about 14 years before I got involved in trawling, and it is my belief that fishermen have an awful lot of expertise if they have accountability, responsibility and consequences. I believe that fishermen can figure out how to manage the salmon fishery under an IQ system.

The Chairman: You said IQ.

Mr. Williams: Yes, ITQ because of the complexities of the salmon fishery but that would have the net effect of keeping it within TACs simply because fish would not be available and people would not be stopped from fishing.

The Chairman: Your optimism tells you that a pelagic like this that needs to have a number of mid-season adjustments and checks on stocks and so on is ITQ-able?

Mr. Williams: Absolutely.

The Chairman: That is interesting. Is that blind faith or your knowledge as a former fisherman?

Mr. Williams: It is two things: I am a former salmon and herring fisherman, and I am actively involved in putting this trawl IVQ program together. The program took a long time and a lot of work.

The Chairman: We are talking salmon here, which is pelagic, like herring, but herring is much easier. It is actually quite easy.

Mr. Williams: Yes, that is a simple one. All those single species ones are essentially no-brainers, but in trawling, we are dealing with maybe 59 or 60 groups.

The Chairman: Salmon has hundreds, if not thousands, of sub-species.

Mr. Williams: Yes, but it also can be regionalized and put in packages that make sense. I am quite convinced that is where it will end up when all the great minds get together, sort through the issues, and establish the regions. I am optimistic from an experience point of view that it is quite doable.

The Chairman: That is interesting because even Peter Pearse at one point said it was impossible to do, and now he says it is doable.

Mr. Mose: The thing that we know about impossible is that it usually just means it takes a little longer.

The Chairman: You need a few fishermen to sort through it.

Mr. Mose: Yes, and before that you need good leadership because I know that that is what brought fishermen to make it work. We are very, very slow to change, but we do adapt.

Ms. James: Every fishery has an interesting story to tell. There are nine IQ fisheries in British Columbia. You have heard about one of them. All of them have different stories, different lessons to be learned, and we would certainly welcome talking to you at any time about any of the other IQ fisheries because they all have different facets, and some are easier than others, and there is a lot there.

The Chairman: I would like to thank all witnesses for attending today. Your testimony has been most helpful.

The committee adjourned.

