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## **Standing Committee on Fisheries and Oceans**

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**EVIDENCE**

**Thursday, June 9, 2016**

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**Chair**

**Mr. Scott Simms**



## Standing Committee on Fisheries and Oceans

Thursday, June 9, 2016

• (1530)

[English]

**The Chair (Mr. Scott Simms (Coast of Bays—Central—Notre Dame, Lib.)):** Welcome, everybody, to the Standing Committee on Fisheries and Oceans. This is meeting number 18. Pursuant to Standing Order 108(2), this pertains to our study of the relevance of the principle of adjacency and the owner-operator and fleet separation policies in the Pacific region.

We have several guests with us here today. We will have up to 10 minutes for each group represented. I would like to thank to all of them for accommodating us by being here in person and also by joining us by video conference as well as teleconference.

By way of introduction, from the T. Buck Suzuki Environmental Foundation, we have Jim McIsaac, executive director, who is joining us by telephone from Haida Gwaii, British Columbia.

Jim, are you there?

**Mr. Jim McIsaac (Executive Director, T. Buck Suzuki Environmental Foundation):** Yes, I am. Thank you.

**The Chair:** Thank you for joining us. We haven't yet reached Mr. Nobels, your northern director, but we're trying.

Joining them, we also have, from the Canadian Independent Fish Harvesters, Marc Allain, executive secretary.

Mr. Allain, it's nice to see you here in person.

From the Canadian Groundfish Research and Conservation Society, we have Bruce Turriss, executive manager.

Mr. Turriss, it's good to see you.

From the BC Seafood Alliance, we have Christina Burr ridge, executive director, by video conference.

Ms. Burr ridge, it's nice to see you.

**Ms. Christina Burr ridge (Executive Director, BC Seafood Alliance):** Good afternoon.

**The Chair:** Thank you. You can hear us, so that's great.

From the Canadian Fishing Company, we have Robert Morley, by video conference.

**Mr. Robert Morley (Vice-President, Production and Corporate Development, Canadian Fishing Company):** Good afternoon.

**The Chair:** I'll get to the questions later, but first we have our 10 minutes. I'm going to start. Since we haven't reached Mr. Nobels yet

**Mr. Fin Donnelly (Port Moody—Coquitlam, NDP):** Mr. Chair, on a point of order—

**The Chair:** Yes, Mr. Donnelly. Go ahead.

**Mr. Fin Donnelly:** —I notice on the agenda that Mr. McIsaac is shown as being on video conference, and you've mentioned that he's on teleconference. Could we get an update on that?

**The Chair:** I'm assuming we couldn't get him by video conference. We couldn't find the studio space, apparently, to do that, so we had to bring him in by phone. I don't know what more to tell you.

Because we can't reach Mr. Nobels yet, Mr. McIsaac, I'm going to put you down in the order and go with the other groups. Maybe Mr. Nobels will be here at that time. Is that okay?

**Mr. Jim McIsaac:** That's fine by me.

**The Chair:** Thank you, Mr. McIsaac, for your patience.

Mr. Turriss, may we have your opening remarks, please?

**Mr. Bruce Turriss (Executive Manager, Canadian Groundfish Research and Conservation Society):** Thank you.

Good afternoon. Thanks for the opportunity to speak to you today on this issue.

My name is Bruce Turriss. I'm the executive manager with the Canadian Groundfish Research and Conservation Society, which is a commercial fishing industry organization representing participants in the groundfish trawl fishery in British Columbia. It includes licence-holders, vessel owners, quota holders, crew, and processing companies.

I'm a fisheries economist by training and have been involved with the management of the commercial fishery since the early 1980s. My first activity was the implementation of an at-sea observer program in a joint venture groundfish fishery off the west coast. I was employed by the Department of Fisheries and Oceans for 14 years, leaving in 1998 and setting up a company called "Pacific Fisheries Management", where I am president. The company offers consulting services, including fisheries management, policy certification, and strategic planning services, not only to commercial fishing organizations but to anglers, the MSC, and government agencies.

Today I'm here to talk to you about adjacency, owner-operator, and fleet separation policies in the B.C. commercial groundfish trawl fishery. To understand why these policies are not feasible, applicable, or workable in the B.C. groundfish trawl fishery, it's important to understand the evolution of the fishery itself.

There's been a groundfish trawl fishery off the west coast of Canada since the 1940s. Prior to extending its jurisdiction, there were Russian, Polish, Japanese, and Canadian trawlers fishing off the west coast with little or no regulation. In 1976, concurrent with the creation of an EEZ and extended jurisdiction, the phasing out of foreign fishing, and addressing concerns about excessive harvesting capacity, the government limited entry into the B.C. groundfish trawl fishery.

A total of 142 limited-entry T licence—or category T—groundfish trawl licences were established, based on historical performance and investment in the fishery, including many licences issued to vessels owned in part or entirely by processing companies such as J.S. McMillan, BC Packers, Ocean Fisheries, and the Canadian Fishing Company.

From the beginning, the groundfish trawl fishery has been a large-boat, high-volume, low-margin fishery, targeting many groundfish species throughout the coast for the entire year. It's a year-round fishery and is necessitated to be that to meet the market demands as required.

From the beginning, the groundfish trawl fishery has been a fishery where the costs associated with the vessel, gear, maintenance, crew, and fishing itself are extremely high, as they are for processing groundfish. This is one of the reasons why there's been this joint ownership and affiliation between the vessel skippers, vessel owners, and the processing companies.

Furthermore, the primary market served by the fishery is the U.S. west coast, mostly California, where they require fresh-processed filleted or headed, gutted, and tailed product on a weekly basis consistently throughout the year. To secure supply and maintain important markets, processors often invest in trawl vessels.

Since limited entry, B.C. processing companies have owned or co-owned approximately 25% of the licences, but these vessels are often the larger vessels and have represented upwards of 50% of the catch. Generally, their vessels are the most productive in the fleet and are generally co-owned with independent skippers.

Through the seventies, eighties and early nineties, groundfish trawl efforts continued to expand under a management regime that attempted to provide year-round access by increasingly restricting fishing access through declining species-specific and coast-wide trip limits or limits on the number of trips and the fishing time. TACs were based on the best available science and were often coast-wide on a species-specific basis.

This is a multi-species fishery, and it's not uncommon to catch more than a dozen different species in a single tow. Annually, the fishery catches more than 60 different TACs and 100 different commercially sold species.

●(1535)

Trip limits were on a species basis. As fishermen filled one limit and targeted another, they would discard species for which they'd already achieved their limit. As the limits declined throughout the year and in successive years, the amount of discarding increased dramatically, to the point where the industry was actually reporting to the government that their released quantity of fish was exceeding the landed quantity of fish.

By the early nineties, the discarding of fish had come to a critical level. As well, we had problems with misreporting of landed catch. It was misreported to avoid the reduction of trip limits and to hide the species of catch so that they weren't detected for being over any specific trip limit.

During this time, between 25% and 40% of the annual landed catch was actually being landed in U.S. ports, generally in Blaine, Bellingham, or Anacortes. About 20% or less was landed in Prince Rupert, with the majority of fish landed in the greater Vancouver area and some in Ucluelet, on the west coast of Vancouver Island.

Even without the unreported discards and misreported catch, we were still exceeding the TACs based on the little information we had on reported catch. In fact, the number of TAC overages was increasing on an annual basis. The situation became quite dire in 1995 when the fishery was closed for the very first time since the 1940s. It was closed because far too many TACs had been exceeded, and international obligations had been undermined.

Based on those conservation concerns, the groundfish trawl fishery was allowed to reopen under strict conditions, and those conditions were: 100% at-sea observer coverage on all bottom trawl trips; 100% dockside monitoring of all fish landed so we would get accurate species information; management on a stock-specific basis; and, individual vessels being accountable for everything they caught while fishing. That included not only directed catch but also bycatch.

In 1997, individual vessel quotas were implemented to meet these requirements. As well, each vessel was allocated a share of the approximately 60 different TACs that were identified. The accurate accountability came from at-sea monitoring and estimates of catch by both area and species, as well as any releases at sea, and that was also followed up with comprehensive and complete dockside monitoring. All of this was carried out by government-certified contracted service providers.

The at-sea and dockside data are merged to calculate total catch weight, both retained and released, on a stock-specific basis, and then that's deducted from the vessel IVQ allocation. If a vessel has insufficient quota to cover its catch, it has to transfer fish to another vessel to cover that, or else it has to remain at port and not fish for the remainder of the year until it's deducted from the following year's allocation.

It's a very complex system. It requires time and flexibility regarding the access to movement of quota. There are about 4,000 quota transfers done annually between vessels to cover bycatch and quota overages. Fleets have to work collectively with their processors, based on market concerns, and amongst other fleets from both independent and company vessels to move quota in an efficient way so that everybody continues to fish, and they do that.

Of the 60 different species IVQs or TACs that I mentioned, 15 are coast-wide stocks and only 13 are specific to the Hecate Strait and Dixon Entrance area, which is close to Prince Rupert. Of the 63 million pounds of fish that have been caught so far this year, about two and a half million pounds—or just under 4%—have been caught in Hecate Strait and Dixon Entrance, again, the area closest to Prince Rupert. About 88% of that, 2.2 million pounds, has been landed in the Prince Rupert-Port Edward-Port Simpson area. Thirty-three per cent of that 2.2 million pounds has been processed in Port Simpson.

• (1540)

Again, it's a high-volume, low-margin fishery. For this reason, the bulk of the processing is centred around Ucluelet and the greater Vancouver area, where the economies of scale will allow for productive value-added processing and it's close to the markets being served in the southern west coast of the U.S. Today, more than 98% of the groundfish caught in British Columbia is landed and processed in British Columbia. Less than 2% of that goes across the border.

It's a fishery that now meets all the conservation requirements for sustainability. It's a fishery that is acknowledged by eco-certification organizations such as the MSC, the Monterey Bay Aquarium, SeaChoice, and the Vancouver Aquarium's Ocean Wise program. It is also a fishery that is remaining profitable and viable because of its ability to fish coast-wide and operate at high volumes with good economies of scale.

It's a fishery where the processing companies have been involved with the co-ownership of vessels. This is by design, because you want a vessel to be operated by a skipper who has an investment in it. The co-ownership and the vertical integration that we have in the industry are essential to the economic viability of the industry, not only for the processing companies but for the vessels and the vessel operators themselves.

**The Chair:** Mr. Turriss, I'm sorry to interrupt—

**Mr. Bruce Turriss:** Thanks. That's it.

**The Chair:** Well, there you go.

We're still unable to reach Mr. Nobels at this point. We have made several attempts. We are getting a busy signal and have had no response to an email yet.

Mr. McIsaac, if you have any way of reaching him directly, that would be great. I'll leave that for now.

I'm going to Ms. Burridge, executive director of the BC Seafood Alliance.

Thank you for joining us, Ms. Burridge. Please proceed with your opening remarks.

• (1545)

**Ms. Christina Burridge:** Thank you, Mr. Chair and members.

The BC Seafood Alliance is an umbrella organization, the 17 members of which represent about 90% of wild harvested seafood from Canada's west coast, worth about \$850 million annually. Our members are mostly associations representing all or most of the licence-holders in virtually every major commercial fishery in B.C. Those include salmon and herring, once the backbone of the industry, but now dwarfed by the success of prawns, sablefish,

halibut, geoduck, and other groundfish and dive fisheries. We are by far the most representative fishing organization on the west coast, and our ultimate constituents are independent fishermen.

A recently updated study from 2014 by Gordon Gislason demonstrates that wild seafood contributes more in sales value, wages, benefits, employment, and, ultimately, GDP than does either aquaculture or tidal recreational fishing in B.C. How did we get to this point?

For the last 25 years, DFO has implemented management measures that have led to progressive changes fundamentally aligning conservation and the marketplace. As a result, the relationship between industry and DFO is generally collaborative and pragmatic, based on shared stewardship of the fisheries resource with a range of small and medium market-driven enterprises guided by market-driven policies that allow us to compete in global seafood markets and provide safe, top-quality food to Canada and the world.

Wild fisheries on the Pacific coast are export-driven, selling about 80% of production into a global seafood market. We are made up mainly of independent small and medium-sized enterprises, many of which are family-owned and which operate coast-wide. We're also a small high-cost player immediately next door to Alaska, which harvests the same species, produces the same products, and sells to customers in the same markets, but which operates on a scale at least tenfold greater. When a chum salmon fillet from Hokkaido, Japan, processed in China, sells in Vancouver for less than a B.C. chum fillet, we must make ours worth more by producing a superior product.

For many years, the industry has been one of the largest employers of first nations in B.C. Aboriginal participation declined in the late 1900s and early 2000s, but so too did non-aboriginal participation, following the introduction of weak stock salmon management and subsequent DFO voluntary licence retirement programs. PICFI has had substantial achievements in reversing that trend with the following results: 42% of salmon licences, communal and reduced-fee, are now held by first nations and status Indians, and 37% of gillnet roe herring licences, 25% of all roe herring seine licences, 22% of prawn licences, and 21% of halibut licences are now communal commercial licences. Overall, 29.8% of all regular commercial fishing licences are now in first nation hands.

Your committee has given itself the task of studying “the relevance of the principle of adjacency and owner-operator and fleet separation policies in the Pacific region”. Let me be clear: those policies are not relevant here. They run counter to our export and domestic success, our ability to provide food for Canadians and the world, the conservation requirements of DFO, and, indeed, the future of the resource itself, which belongs to all Canadians. The people those policies would hurt the most are independent fishermen.

I'll tell you a bit about myself. I've worked with various fishing organizations for almost 30 years in both marketing and policy. In addition, I'm the chair of the international Association of Sustainable Fisheries. It provides advice to the Marine Stewardship Council, which is the gold standard for fisheries certification in developing international standards to measure the sustainability of wild seafood. Indeed, next week, I am invited, as a global leader in seafood sustainability and the only Canadian, to join His Royal Highness, Prince Charles, to assess progress towards seafood sustainability.

• (1550)

Conservation has driven our sector over the last 20 years, shaping the way it has developed and encouraging a pragmatic approach to stewardship. More than half our fisheries by volume are in the MSC program. Most of the rest are recognized by Monterey Bay Aquarium's Seafood Watch or the Vancouver Aquarium's Ocean Wise.

Integrated groundfish management, as you've heard from Mr. Turris, integrates the management of 30 different groundfish species across three gear types, making every vessel accountable for every fish it catches, whether retained or not, through a monitoring program that the MSC recognizes as “one of the most rigorous in the world”. It includes 100% at-sea observer or electronic monitoring and 100% dockside monitoring.

We continue to pioneer new approaches, instituting, with the collaboration of conservation groups, the world's first and only individual transferable quota for corals and sponges, sharply reducing the impact of the trawl fleet on benthic habitat. None of this would have happened with the policies you are studying.

In the 1990s, the decision to move to weak stock management in salmon profoundly changed the industry. Indeed, for conservation reasons, many fisheries adopted ITQs.

In 1980, under a derby-style fishery, it took 65 days to catch just under six million pounds of halibut. In 1990, it took six days to catch eight million pounds. In 1990, halibut processing was entirely dominated by the large processors, the only ones that could freeze that kind of volume in a week or so. One year later, the halibut fleet went to ITQs. Halibut is now an eight-month fishery, selling virtually every pound fresh through various small B.C. processors, with little involvement by the large ones, into the U.S. west coast at landed prices of about \$8 a pound or more.

That trend is common to most other B.C. fisheries. Structural change to meet conservation needs, whether for salmon, groundfish, or specialty dive products, has meshed with increasing market demand around the Pacific Rim for live and fresh, which return far higher value than did canned or frozen two decades ago.

For another couple of examples, look at the last three big production years for sockeye: 2006, 2010, and 2014. In 2006 we produced almost 200,000 cases of canned sockeye worth about \$40 million. It was the dominant product form, with more than the volume of fresh and frozen sockeye combined. By 2014 most sockeye was sold fresh, with the fishery generating more than \$90 million in exports. New management measures mean production can be scheduled to meet the needs of the fresh market. That trend, for which B.C. is ideally placed, is not going away. It's what consumers demand and we can supply.

For geoduck, a dive fishery, the production before ITQs went into clam chowder on B.C. ferries or went frozen to Japan at rock-bottom prices. Now, virtually all geoduck, no matter where it is caught on the coast, comes to processors in Vancouver who ship it live 365 days a year to China, Hong Kong, and other markets for a value of more than \$50 million annually. As a live product, geoduck is highly perishable. It requires extensive sampling for PSP and other toxins. The only lab facilities for this are in Vancouver, as is the CFIA office issuing health certificates. Market demands, lab facilities, ease of transportation, and cost of catch validation inevitably give the Lower Mainland a competitive advantage over the north.

Here are a couple of other points. First, wild fisheries in B.C. fund science because the management incentivizes proper stewardship of the resource. Geoduck, for instance, pays about \$1.4 million annually for stock assessment, monitoring, and other science. Halibut contributes over \$1 million, and groundfish about \$3.5 million. Second, the management system for groundfish, for example, operates virtually year-round and provides capital investment and infrastructure on Vancouver Island and in the north for other fisheries that operate more seasonally.

Adjacency in Atlantic Canada operates in the context of DFO quota allocations to fleets that are adjacent to fish stocks. It does not dictate where in a province fish should be processed. Minimum processing requirements in Newfoundland will disappear under CETA. Requiring domestic processing in B.C. would be counter to international trade rules. The U.S. has won every trade challenge against such requirements under GATT and NAFTA.

• (1555)

The last export restrictions on herring roe were removed in 2012. As a result, we've developed a new market in Japan for small-sized roe from small fish that had been previously left in the water. All this has benefited independent fishermen and enterprises nimble enough to take advantage of new opportunities and increased demand for top-quality wild fish, both here in Canada and abroad.

To sum up, adjacency, owner-operator, and fleet separation are not relevant in B.C. Over the last two decades, conservation of the resource and market demands have created a flexible market-responsive industry that has developed new products and new markets, seeking always the highest value from a sustainably managed resource. Our market advantage is proximity to Pacific Rim markets in the U.S., in Japan, in China, and anywhere else where we can sell live or fresh. Good transportation links mean longer shelf life, satisfied customers, and top prices.

The structure of the industry developed over the last two decades, whether through ITQs or other means, makes fishermen responsible and accountable and good stewards of the resource for the long term. It means a diverse fishery where small and larger vessels can succeed as small business enterprises, increasingly operating year-round rather than seasonally, with little dependence on EI. It means that we pay for science, for monitoring, and for management, because we see the value and the need for it. It means we pay for MSC certification and the other third-party endorsements that markets at home and abroad require. The principles that apply to the inshore fleet in Atlantic Canada applied on the west coast would destroy the value of the fishery and all that success.

Thank you, Mr. Chair.

**The Chair:** Thank you, Ms. Burridge.

We'll now go to Mr. Robert Morley, from the Canadian Fishing Company. He is also joining us by video conference.

Mr. Morley, your opening comments, please.

**Mr. Robert Morley:** Good afternoon, Mr. Chair and members.

My name is Rob Morley. I am vice-president of production and corporate development with the Canadian Fishing Company.

I'm an economist by training and began my career in 1974 with the Department of Fisheries and Oceans. I left the federal government after 13 years and spent 10 years with the Fisheries Council of British Columbia, a trade association representing all the major fish processing companies in B.C. I've been employed by the Canadian Fishing Company for the past 20 years.

I have been active in various industry associations and advisory boards for many years. I'm the immediate past chairman of the

Fisheries Council of Canada and currently a member of the Fraser panel of the Pacific Salmon Commission.

The Canadian Fishing Company, or Canfisco, is the largest fishing and fish-processing company in western Canada. We also own subsidiary companies in the United States: Alaska General Seafoods and Leader Creek Fisheries. We purchase fish from a fleet of 860 vessels and have eight processing facilities. We participate primarily in the wild salmon, herring, groundfish, hake, and halibut fisheries.

In our fishing and processing operations, we employ approximately 5,500 people, from Seattle, Washington, through British Columbia, to western Alaska. We market fresh, frozen, canned, smoked, and value-added seafood products domestically and in 25 export markets. Canfisco is 100% Canadian owned, and 2016 is our 110th year in the wild Pacific seafood business.

Your committee's study was initiated by a motion worded as follows:

That the Standing Committee on Fisheries and Oceans hear from witnesses on the issue of adjacency and the policies regarding owner operator and fleet separation specifically as it relates to the impact of the Canfisco plant closure in Prince Rupert.

You may have read media reports and heard testimony regarding Canfisco's size, ownership of licences, share of industry, and our operations. Much of what you have heard is based on misinformation, hearsay or speculation. In other cases, it's simply a fabrication to support a point of view. I appreciate the opportunity to give you the facts about the company and its operations. I will also give you a perspective on the economic realities of the fish-processing business in British Columbia, which actively competes within B.C. for fish supplies from fishermen, and in the marketplace for customers, both domestic and international, with an Alaskan fishery whose production vastly exceeds B.C.'s.

Some people have claimed that Canfisco controls 80% of the herring business and 70% of the salmon business in B.C. Here are the facts.

Canfisco owns 32% of the 275 salmon seine licences. We own 3 of the 1,379 salmon gillnet licences, or 0.2% of the total. We do not own any of the 440 salmon troll licences. Overall, Canfisco owns 4% of all salmon licences in B.C.

Over the last six years, Canfisco has purchased between 29% and 48% of the total salmon catch in B.C., for an average share of about 37% of the total landings. In the B.C. herring fishery, Canfisco owns 30% of the roe herring seine licences and 12% of the roe herring gillnet licences. Canfisco buys and processes about 30% of B.C.'s total roe herring landings.

In the fisheries managed by individual shares or individual transferable quotas, Canfisco's share is much smaller. We own 21% of the groundfish quota, 15% of the Pacific hake quota, 3% of the halibut quota, and 2% of the sablefish quota. We own virtually nothing in any of the other fisheries.

Thus, contrary to misinformed reports, the licensing policies in B.C. have not resulted in increasing concentration or control by Canfisco and the companies with which we have merged.

While Canfisco may be considered a large company in B.C., we should put that in context with our competition: Alaska. Over the last decade, B.C. salmon landings have averaged about 48 million pounds per year, down from the 150 million pounds per year in the 1980s and the 1990s. Alaska's landings in the last decade have been 823 million pounds annually. B.C.'s total catch is 5% of the North American wild salmon supply. Alaska produces the same quality products and sells to the same customers in Canada, the United States, and overseas. On the world scale in which we compete, Canfisco is a very small player.

• (1600)

Let me turn to the issue that spawned this study: the closure of our Prince Rupert canning operations. First, let me clarify that we have not closed either of our plants in Prince Rupert. We will be operating and landing as much fish as our fleet can catch this summer and beyond. We've simply changed product forms from canned salmon to fresh and frozen salmon products. We have made this business decision for several reasons: changing market and consumer preferences, inconsistent fish supply, and high costs.

The salmon cannery in Prince Rupert was built and expanded in the 1980s with the capacity to produce 500,000 cases of salmon per year. The intent was to process a combination of salmon caught in both northern B.C. and southeast Alaska. The actual production volume achieved that 500,000-case target only three times in its history, the last time in 1995. In the past 10 years, due to declining salmon landings in B.C., less imported fish from Alaska, and changing markets for salmon products, the cannery has produced 200,000 cases only once and has averaged 116,000 cases per year in that time.

In 2015, we canned only 42,000 cases. Seventy per cent of that was Alaskan-caught salmon, mostly diverted from our cannery in Ketchikan, Alaska, just to provide some employment to the Prince Rupert plant—so much for the adjacency principle.

Maintaining a large plant with many canning lines for limited production was not viable. Worldwide consumption of canned salmon has been declining by about 1% per year for several decades. Over the last 15 years, eight other major canneries in B.C. have ceased operations. World demand for canned salmon can be satisfied from Alaskan canneries—including ours—which are more produc-

tive, with a more consistent supply of salmon available and unit labour costs per case significantly lower than those in Prince Rupert.

While Canfisco does obtain about half its salmon supplies from fishing vessels in which we have an ownership interest, we need to compete in B.C. with other buyers, none of whom are canning. They are putting salmon into higher-valued fresh and frozen markets. In order to attract independent fishermen and pay our skippers and crews a competitive price for the fish, we must do the same.

Canfisco processes 100% of the salmon and all the other species purchased in B.C. in facilities within the province. For all salmon landed in Prince Rupert, we are doing all the primary processing and processing of the roe in one of our two plants there. Fish we cannot sell fresh we are freezing at existing facilities in the Lower Mainland of British Columbia.

In terms of employment impact from this business decision, various numbers have been claimed by others and reported in the media, ranging from 300 workers losing their jobs to 500. Here are the facts. In 2015 there was a total of 411 workers employed in our Prince Rupert operations. On average, for the entire year, each worker worked 302 hours. It is a very seasonal job for a large proportion of the workforce, who work for a matter of a few weeks.

The usual turnover of workers is high. We normally hire 200 to 300 new workers each year. In fact, it's a challenge each season to find enough workers for our Prince Rupert salmon operation to run at full capacity. We cannot know for certain, because it depends on unpredictable fish landings, but we expect there to be well over 200 workers in our operations this summer. Other than about 15 specific tradespersons who have been laid off with compensation packages, we expect that all the senior workers in the operation will be provided with as much work as they have been previously.

The union has spoken about doing further value-added salmon processing in Prince Rupert. The first issue is a requirement for access to freezing and cold storage capacity. Since the closure of the J.S. McMillan cold storage facility, there is nowhere in Prince Rupert to hold the frozen salmon for further processing.

Moreover, of the bulk of the salmon landed, about 80% is pink salmon. In order to produce marketable pink salmon fillets or portions, the pin bones need to be removed. There is no machine technology available to do this effectively, and hand pin-boning can be profitably done only in very low-labour-cost jurisdictions.



It does not make economic sense to invest in new single-purpose freezing and cold storage facilities in Prince Rupert when there is significant underutilized capacity elsewhere in B.C.

In summary, Mr. Chair and members of the committee, I submit that in the absence of any application of the principle of adjacency, owner-operator, or fleet separation, the B.C. industry is a productive, competitive business that processes Pacific fishery resources in British Columbia, produces highly valued quality products, and returns good prices to fishermen.

• (1605)

Thank you.

**The Chair:** Thank you, Mr. Morley.

I just want to say that we have Mr. Nobels on line, I hope.

Mr. Nobels, are you with us?

**Mr. Des Nobels (Northern Director, T. Buck Suzuki Environmental Foundation):** Yes, I am.

**The Chair:** That's great. Thank you.

For our last presentation, we're going to Mr. McIsaac and Mr. Nobels, both from the T. Buck Suzuki Environmental Foundation.

I understand, Mr. McIsaac, that you're going to be sharing some of your time with Monsieur Marc Allain from the Canadian Independent Fish Harvesters' Federation.

**Mr. Jim McIsaac:** Yes, we are. The intention is to share the time, with three minutes for me, three minutes for Marc, and three minutes for Mr. Nobels.

Is the presentation that I sent available to the members of the standing committee?

**The Chair:** Unfortunately, Mr. McIsaac, we didn't have time to send it to translation. In order for us to present anything in front of committee, under our Standing Orders we have to present it in both official languages, but once that is done, we can distribute it to the members of the committee.

**Mr. Jim McIsaac:** All right. I understand.

**The Chair:** Go ahead, Mr. McIsaac. The floor is yours for your opening remarks.

**Mr. Jim McIsaac:** Thank you.

I'd like to thank the standing committee for starting to look at these serious issues. They are important to fishermen, coastal communities, first nations, shoreworkers, processors, and other fisheries workers along our coast. We need to make sure that they're all involved and have a voice in this inquiry.

Fisheries are arguably the most sustainable food source on this planet. We don't have to water or feed them, weed or till the soil, or add fertilizers or pesticides. We just have to harvest them sustainably. Fisheries are important to our food security, our families, and our communities, and to future generations.

In short order, there are two main points I want to get across here. One is a profile of the fishermen on our coast, and the second is a profile of the communities on our coast.

Last year, an expert witness giving testimony at the Ahousaht trial, the justification trial, identified three essential components for a fishing business: a vessel, a fisherman, and legal access to the resource. Those three are essential components to any kind of fisheries business. On our coast, what the department has done is separate that last one, that legal access to fisheries, from the fisherman and the vessel.

That paper goes on to argue that the other two are useless without that legal access, but it's hard to see, though, with that legal access to a fishery, how you would catch fish without having a fisherman or gear. Anyway, it raises a critical question: should fishing licences be held by parties other than those who fish? That's the point.

A study on the issue of corporate concentration that was put out this January by Haas et al. shows the trend in the last 25 years in British Columbia moving from a more equitable state in fisheries to a less equitable state in fisheries. It shows the corporate concentration in British Columbia fisheries going up, specifically in salmon and herring, and the distribution of benefits going down. There are studies that show conclusively that corporate concentration is going up.

There's a slide I wanted to show. It's about halibut and what has gone on with halibut over the last 25 years in moving from an open fishery to an ITQ fishery, and an ITQ fishery where the quota and licence are separated from the fisherman and fishery. Those fishermen who don't have a quota are fishing for up to 80% less of the landed value on the fishery.

Without the graphic, it's very hard to describe that, but basically, on a block of halibut worth \$400,000, of that, \$300,000 is going to lease fees that are paid to absentee licence-holders by the fisherman who don't hold the quota. Without that connection of the licence back to the fisherman and to the vessel, you're losing that value, so the cost to the independent fishermen is going down.... A labour market study—I think it was the one Christina referred to—put out in 2013 shows that the average income for fishermen on our coast is somewhere around \$19,000, which is about the poverty level. Fishing in British Columbia is not a great opportunity. Most would look at that and say there is no future in fishing. Part of the reason is this access and the tie that the department has severed from fishermen.

• (1610)

On the grander scale of the coast, Christina has accurately described the value of the fishery on the coast. The landed value on the coast averages somewhere around \$300 million per year. The area I'm calling from right now is Haida Gwaii. In the area around Haida Gwaii, about \$80-million worth of landed value is harvested each year. Less than 5% of that is connected in any way to the communities around Haida Gwaii. This means that either the licence is owned here, or the fishermen are living here, or there's processing happening here with that fish.

There's virtually no connection to the communities for the majority of the fish that's caught around here. That's an adjacency issue, and this disconnect is happening up and down the coast. One of the studies—

**The Chair:** Mr. McIsaac, I'm sorry to interrupt, but if you want to spare time for the other two, I'm going to have to interrupt you there. Very quickly, if you like, do you want to throw it to Mr. Nobels now?

**Mr. Jim McIsaac:** I'll throw it to Marc right now.

**The Chair:** Okay. I apologize.

Monsieur Allain.

[*Translation*]

**Mr. Marc Allain (Executive Secretary, Canadian Independent Fish Harvesters Federation):** Thank you, Mr. Chair.

Time is elastic in British Columbia.

[*English*]

**Some hon. members:** Oh, oh!

**Mr. Marc Allain:** Mr. Chair and members of the committee, thank you very much for accommodating me on short notice and allowing me to testify. It's very much appreciated.

As was stated, I'm the executive secretary of the Canadian Independent Fish Harvesters' Federation, which is a national federation of organizations that represent independent fishermen. We have 34 different member organizations in five provinces, which in turn represent more than 7,000 independent fishermen.

Our members in B.C. are the United Fishermen and Allied Workers' Union, who you heard testimony from on Tuesday, and the BC Hook and Line Fishermen's Association, who, for the most part, fish full-time. They are working active fishermen who fish leasing quota.

I would like to make an initial opening statement on our federation's perspective on licensing policy in general. I would then like to address the three issues that are before the committee: fleet separation, owner-operator, and adjacency. I'd like to conclude with our particular perspective on licensing policy in the Pacific region.

Like my predecessors, I've written it all down, so I'm going to plow through and read.

Our federation believes that Canadian fishing licences and quotas should be held primarily by active fishermen living in coastal communities. In other words, the benefits of Canada's fisheries resources should flow first and foremost to the people who actually fish and to their fishing communities. We believe that the independent owner-operator approach to fishing provides the best socio-economic and conservation returns to Canada and, more importantly, to its fishing communities.

It is our opinion that it is in the public interest for the Government of Canada to develop and strengthen public policies in that regard. I mention the public interest because the Supreme Court of Canada has determined that it is the duty of the minister to conserve, manage, and develop Canada's fisheries resources "in the public interest", and that should be the test. When you look at our fisheries policies, are they in the public interest?

With that in mind, our federation believes there should be consistent national commercial fishing licence policies on both coasts, and that B.C. fishermen and coastal communities should

benefit from the same kind of policy protections as do their Atlantic counterparts, if that is their choice.

Now I'd like to address the three issues before you.

The first is fleet separation. Fleet separation was established in 1979. It applies only to Atlantic Canada and only to fishing vessels of less than 65 feet. The policy separates the fishing from the processing for that sector, the under-65-foot fleet sector, by prohibiting fish processors and other corporate interests from holding or controlling fishing licences in what is known now as the "independent core sector". Later, I'll explain and give you some details on what that independent core sector is.

I'd like to quote the Honourable Roméo LeBlanc from 1977. He was the Minister of Fisheries at the time and was explaining the original intent of this policy.

Mr. LeBlanc said, "I propose that in future, we separate the fishing fleet from the processing companies in Atlantic Canada." He said, "Fishermen should own their own boats, and be able to sell fish where they want." Also, he said, "Creating a truly independent fleet should...raise fish prices and fishermen's incomes, increase the fishermen's bargaining power, create a healthier balance of forces in the industry" and invigorate fleet development by the fishermen. Mr. LeBlanc said that in 1977, and fleet separation was adopted two years later, in 1979.

What did he want to do? He wanted to impede or prohibit monopoly control in the fishery. He wanted to create healthy, competitive markets for fishermen's products, and he wanted to avoid, more than anything else, returning Atlantic Canada to the dark past of the company store and the fish lords who ruled over fishermen and fishing communities.

• (1615)

I know that some of you are from fishing communities where that was the reality. In 1977, it was in the living memory of fishermen, and he wanted to avoid that. The amazing thing is that he was successful.

Fleet separation was successful. Today, there is a very dynamic dockside market competition amongst buyers for independent fishermen's products in Atlantic Canada, and it's thanks to fleet separation.

I have some interesting data that I wasn't able to prepare for you in terms of the fishermen's share of lobster, for instance, and the lobster price compared to the retail price. I wasn't able to pull it together in time. I'll give you the big picture.

• (1620)

**The Chair:** Very quickly, please.

**Mr. Marc Allain:** In 2014 the total landed value of commercial fisheries in Atlantic Canada was nearly \$2.4 billion. In comparison, B.C.'s landed value for the same period was \$390 million. Of that \$2.4 billion, more than 75% was produced by independent fishermen. That's \$1.8 billion going directly into coastal communities that are isolated coastal communities, for the most part, where the fishery is the only employer.

Fleet separation has worked. It has created a fleet of 10,000 individual enterprises, all independently owned and operated, spread across five provinces, and employing 20,000 crew. Most importantly, these businesses are almost entirely rurally based. They're rooted in small isolated communities where the fishery is big business, and often the only business.

**The Chair:** Thank you very much, Mr. Allain.

I'm sorry to interrupt. I interrupted only because we didn't give Mr. Nobels a chance.

Mr. Nobels, are you there?

**Mr. Des Nobels:** Yes, I am.

**The Chair:** Okay. I'm going to be a little generous, with the generosity of the committee, and say that I'll give you two minutes. We're out of time right now, but it took us a while to get a hold of you, so for that we apologize. In that spirit, I'm going to give you a couple of minutes to summarize what you've heard. Then we'll go to questions.

**Mr. Des Nobels:** Thank you very much, Mr. Chair, and thank you very much to the committee for providing us this opportunity and for taking a look at what is a very serious issue on the Pacific coast.

Over the last 30 years, the policies of the Department of Fisheries and Oceans Pacific region have essentially alienated communities in coastal B.C. from the resource base on their front step. They have created sharecroppers out of working fishermen and have put hundreds of shoreworkers on the streets, if not thousands. Is this the picture that the Canadian public would wish to see painted of its common property resource?

Over the last five years, I've had both the honour and the privilege of working with commercial fishermen in conducting significant interviews with regard to several projects that both T. Buck Suzuki and Ecotrust Canada have been involved in. I would like at this time to bring to the attention of the committee two documents. The first report is on values in the North Pacific fishery and takes a look at both the tangible and intangible values of the fisheries for the communities in the region. The second document is "Caught Up in Catch Shares", which is a fairly in-depth look at the ITQ structure and what that has essentially fostered on the Pacific coast.

Communities have put an immense amount of effort into providing infrastructure to a lot of the plants and facilities that exist within their communities. That is being lost. The fishery itself provides a whole pile of intangible values aside from the straight economic dollar in-dollar out structure. Those values are what create the fabric of our communities.

As these policies have unravelled those fabrics, our communities have continued to shrink and, in many respects, to virtually shut down. We have communities that have gone from 85% employment to 85% unemployment.

**The Chair:** Thank you, Mr. Nobels.

I'm sorry to cut you short.

**Mr. Des Nobels:** Thank you, sir.

**The Chair:** Now we'll have our questions and answers.

Once again, for committee members, Ms. Burrige and Mr. Morley are joining us by video conference. We have Mr. Nobels and Mr. McIsaac on the phone, and Monsieur Allain and Mr. Turris are here. Again, I'd like to remind committee members to address their questions to the particular individual, especially those who are not here in person.

I'd also like to take a short moment to welcome Mr. Sweet and Mr. Zimmer, who are joining us as guests. Thank you very much.

The first question goes to Mr. Hardie, for seven minutes, please.

**Mr. Ken Hardie (Fleetwood—Port Kells, Lib.):** Thank you, Mr. Chair.

Thank you, everybody, for attending.

A cursory 30,000-foot view is that on the one hand we have the interest in having a healthy industry. Mr. Morley and Ms. Burrige speak to that. On the other hand is the interest in having healthy communities. The two seem to be, from the arguments we've heard so far, almost mutually exclusive. That's the picture that's being painted here.

I want to see the degree to which—and I don't mean this in a pejorative way—corporate concentration contributes to more effective conservation. Is it necessary for one to follow the other? Or could there be effective conservation with the principles of adjacency and with the fishers actually having the licences to operate with?

I'll start with Mr. Allain on this one, please.

•(1625)

**Mr. Marc Allain:** That's a very good question. I think the Canadian fishing industry as a whole has gone through tremendous transformation, definitely since the cod collapse. I—

**Mr. Ken Hardie:** I'd ask you to keep your answer short, because I have quite a number of questions, and I'd like to get quite a few answers.

**Mr. Marc Allain:** Okay. I don't think there's either a corporate or an independent monopoly on conservation. The independent fleets take a back seat to no one when it comes to conservation. The Canadian fishing industry has come a long way, and there's a common commitment across the board to conservation.

**Mr. Ken Hardie:** Thank you for that.

Ms. Burrige and Mr. Morley, you're right together there, so you can pass this one back and forth, if you will.

We've heard that the Alaska fishery is very much more robust than ours is in terms of available fish. Why is that?

**Mr. Robert Morley:** Do you want me to take that?

**Ms. Christina Burrige:** Sure.

**Mr. Robert Morley:** It's for a number of reasons. First of all, the centre of salmon in the north Pacific is actually further north than British Columbia. It's really off Alaska and Russia. That's where the centre and most of the populations are, but as well, Ms. Burridge referred to the government changing to a weak stock management approach. Back in the late 1990s and early 2000s, the Government of Canada decided that we would try to manage every little stream and every little river in terms of individual populations and cut back on harvest rates drastically.

As I mentioned, the harvest in B.C. fisheries for probably 50 years was about 150 million pounds a year. We're now averaging 50 million pounds, not because the populations aren't there but because we're putting a lot more fish on the spawning grounds and we're not getting the opportunity to harvest them.

In Alaska, the sockeye salmon, for example, is harvested at a rate of probably 75% of the returning fish, while 25% are left to spawn. In B.C., we're lucky if we get to harvest sometimes 10% or 20%. The maximum we ever get to is probably around 50%.

**Mr. Ken Hardie:** Are you saying that the Alaska fishery is allowed to go after its stocks more aggressively than we are?

**Mr. Robert Morley:** Yes. The Department of Fisheries and Oceans has become overly conservative in putting fish up the river, for a couple of reasons. One is to satisfy interests of first nations communities further up the river. But in so doing, they have put a lot more fish on the spawning grounds than is really required, and it is not returning the runs that we would expect to see.

**Mr. Ken Hardie:** So it appears that conservation is working in B.C., but why, for instance, are such sizes of catches allowed in Alaska? Why have their stocks not suffered as apparently ours did, which promoted, of course, the measures by the DFO to constrain the harvesting?

**Mr. Robert Morley:** There are probably 400 different salmon populations in British Columbia, and they're not all doing really well. Some are in difficulty, some are at average levels, and some are strong. The same would be true in Alaska. I think Alaska has taken the approach that they want to manage the more populous populations, take advantage of the harvest, and allow the smaller populations to survive if they can. What they've seen, in fact, is that they haven't really lost very many populations. They still have a lot of populations there.

I think we probably have more habitat-related issues in British Columbia. We have a lot more development, both residential and industrial, than what is in some of the streams in Alaska, so it's probably more difficult for our populations to survive under those conditions. At the same time, I believe we could be harvesting at a higher level, and that would generate a bigger pie for everybody—fishermen, communities, and everyone else.

• (1630)

**Mr. Ken Hardie:** We've heard testimony that suggests the majority of fishers in B.C. have been basically reduced to the role of tenant farmers. They may own the boats, but they certainly don't have access to the licence, so they're fishing for somebody else. We had somebody from the halibut fishery tell us the other day that whereas the landed value of their catch is \$9 a pound, their lease fees are costing them \$7 a pound.

Ms. Burridge, you mentioned a landed value of \$850 million. Is it true that only about of 5% of that actually ends up back in the hands of the people who go out and catch the fish?

**Ms. Christina Burridge:** No, it's not true.

**Mr. Ken Hardie:** How much, then?

**Ms. Christina Burridge:** I'm not sure I could give you that answer, but I can tell you that independent fishermen in B.C. are the primary participants in the industry. With the exception of salmon, I would say that most of those fisheries are profitable.

Mr. McIsaac referred to the \$19,000 in income. It's true that in some fleets that's what comes from the fishery. Particularly, it tends to be true in some of the salmon fisheries, but the overall income for those people was \$40,000 on a seasonal basis.

**Mr. Ken Hardie:** Okay. The situation in Atlantic Canada, as I understand it, is that when somebody goes out and catches fish, they have options as to where they can take that fish and sell it. What is—

**Ms. Christina Burridge:** So do people here.

**Mr. Ken Hardie:** Tell me about that. How many different fish-processing companies exist on the coast of B.C.? With Canfisco particularly, what percentage of the total harvest.... Until the downsizing of the Rupert plant, how much did you guys actually control?

**Mr. Robert Morley:** There are probably 150 to 200 different processing companies in British Columbia participating in the variety of fisheries that Ms. Burridge talked about.

I think I gave you the exact numbers on what our share of the harvest was. In salmon, it's about 37%. In herring, it's about 30%. In groundfish, it's about 20%. Basically, we are not major players in any other fishery. We don't participate in crab or prawns. We purchase a very little amount of the halibut. Really, we're not a large force in most of the fisheries. As I indicated, probably half the salmon we buy comes from independent fishermen.

**The Chair:** Thank you, Mr. Morley. I appreciate it.

**Ms. Christina Burridge:** I—

**The Chair:** I'm sorry, Ms. Burridge. I'm sure you'll work that answer in at some point if you wish.

**Ms. Christina Burridge:** Okay.

**The Chair:** We have to go to Mr. Sopuck from the Conservatives, who has seven minutes.

**Mr. Robert Sopuck (Dauphin—Swan River—Neepeawa, CPC):** Thank you very much. That was most interesting testimony.

I was very taken by your report, Ms. Burridge, where you talked about the incredibly high sockeye salmon runs in 2010 and 2014. That tells me the system is capable of producing large amounts of fish. We just have to figure out how to do it better.

I have a question for you, Mr. Morley. Are there limits on corporate ownership and/or fleet separation in the B.C. licensing system?

**Mr. Robert Morley:** In terms of the B.C. licensing system, when limited licensing was originally brought into the salmon fishery in 1969, the minister at the time advised the members of the Fisheries Association of British Columbia, which were processing companies and which at that time owned 13.2% of all the salmon vessels, that when they went to limited licensing, they were going to be kept at that level. In fact, he said to them that when the fleet was reduced, they would have to divest themselves and keep below that 13.2% limit.

At the time, a salmon licence—an A licence—allowed the vessel to fish any gear type. Whether it was seine, gillnet, or troll, there was no limitation. A licence was a licence. That was before area and gear licensing. Those restrictions were never changed to say that it had to be specifically any gear or area.

Currently, as I indicated in our testimony, Canfisco owns 4% of all the licences. I'm not exactly sure what other processing companies own, but I think it's a very small number, and we would be nowhere near the 13.2% limit. It would be far below that at this point.

**Mr. Robert Sopuck:** Thanks.

Mr. Morley, does Alaska require all salmon and herring to be processed in Alaska unless it is surplus to local processing capacity?

• (1635)

**Mr. Robert Morley:** I heard the other day that there was testimony that Alaska requires all salmon to be processed if there is capacity by companies to do so—processed under the Magnuson-Stevens Act—before they'll allow it to be exported. That's incorrect.

As I indicated, we have been bringing in large quantities of Alaskan salmon for processing in B.C. for a good number of years, and much of that has been done even when there was excess capacity available in the Alaskan business. There are no restrictions on export of unprocessed fish from Alaska in terms of bringing it into Canada for processing.

**Mr. Robert Sopuck:** Thank you.

Mr. Allain, you talked about the east coast fisheries' commitment to conservation, and Ms. Burridge actually gave numbers, for example, of what various fisheries support in terms of fisheries science. In actual numbers, it sounds as though the B.C. industry is highly organized to levy the commercial fishery for good sound science to conserve fish.

Is there a similar system in eastern Canada whereby there is an organized levy on existing commercial fisheries and the funds are spent directly on sophisticated fisheries management for those fisheries?

**Mr. Marc Allain:** I believe that in Newfoundland there is a levy on groundfish for purposes of science. We have a very large and very complex fishery, as I've pointed out, in terms of the landed values. There's a lot of diversity in it. Our fleets are very heavily committed to conservation, and there's a lot of science and research going on—

**Mr. Robert Sopuck:** I'm sorry, but I don't have much time. I really apologize for interrupting.

To me, that's no excuse, though. You were talking about a large and diverse fishery. In this day and age, it's fairly easy to collect funds for research that are earmarked for conservation.

I'll go to Ms. Burridge now. Because the industry appears to be fairly sophisticated in terms of how it's organized, it looks to me like the companies not only want to contribute to conservation, but you have developed a fairly sophisticated mechanism to collect those funds and direct them for conservation. Could you discuss that?

**Ms. Christina Burridge:** Broadly speaking, that's true. It tends to be easier in fisheries that are ITQ-based to collect money from licence-holders, whether those be processing companies or independent fishermen, and most of them, as we've heard, are actually independent fishermen.

We have certainly found that it is essential to develop an effective monitoring system that accounts for every single fish caught, that tracks it on board and tracks it onshore. If you can do that, then there becomes I think a willingness to contribute to science that you find is less advanced, perhaps, in some fisheries. Salmon would perhaps be a good example of where it's not so easy to collect funds for science from the industry.

**Mr. Robert Sopuck:** I have just a comment. I did spend some time in the forest industry, and it was quite clear that, as opposed to the very small companies, large forest companies are able to hire biologists, ecologists, and so on. I won't use the obvious joke about size, but it's very clear that the larger companies have the resources to do these kinds of things.

Ms. Burridge, you made the point that some salmon from Japan, processed in China, can be sold for less in B.C. than a B.C. chum salmon fillet could be. How could that possibly be?

**Ms. Christina Burridge:** That would have to do with what we pay for the fish primarily, which is what goes to independent fishermen. The price to the fishermen would be higher than it would be to the fishermen in Japan. As I indicated, we're also a small-volume, high-cost producer, so we have to make that fillet more attractive to our customers because of the quality and the closeness to transportation links.

If I could just go back to your point on science, I would like to reiterate that fishermen, as I think perhaps you heard from Mr. Boyes on Tuesday, accept the system of paying for science. It's in our interest to pay for science. It's not dependent on big companies. It's accepted by the fleet—and Mr. Turriss could expand on this—that it's an essential part of ensuring that we stay in business for the future.

**Mr. Robert Sopuck:** Ms. Burridge, you talked about the way the fisheries are organized. From your perspective and your experience, you said there is “little dependence on EI” in the fishery. Last week, we heard quite a bit from people who worked in the Canfisco plant. They seemed to be anxious to get over the limit so they could collect EI. I'm paraphrasing, but that was the impression we got. How were you able to overcome that trend in the organized fisheries that you are a part of?

**Ms. Christina Burridge:** Remember that I am speaking about fish harvesting and not fish processing, but broadly speaking, with our successful fisheries our goal is to operate on a year-round or near year-round basis, and that moves us away from EI. We believe that it is in the interests of all Canadians that fisheries on this coast be profitable and not just a means to qualify for EI.

• (1640)

**Mr. Robert Sopuck:** Thank you very much.

**The Chair:** Thank you, Mr. Sopuck.

Now we'll go to the NDP, with seven minutes for Mr. Donnelly.

**Mr. Fin Donnelly:** Thank you, Mr. Chair.

Thank you, witnesses, for being here with us and also through technology to provide your testimony on this important subject. I really appreciate it.

Mr. Morley, I have a few clarifying questions to start with before I get to my central question.

Is the cannery open or closed?

**Mr. Robert Morley:** The fish plant in Prince Rupert.... We have two plants in Rupert, and they're both open and running right now.

**Mr. Fin Donnelly:** So the cannery is open.

**Mr. Robert Morley:** Well, we have.... The canning plants are not operating.

**Mr. Fin Donnelly:** Have you—

**Mr. Robert Morley:** The plant is open.

**Mr. Fin Donnelly:** I just asked about the cannery.

Have any cannery workers been laid off?

**Mr. Robert Morley:** The way it works in our system is that we call people in on a daily basis, depending on how much work is available. We had some specific positions, particularly in the trades area, where we had a large crew of 20-odd tradespersons who were responsible for maintaining the canning equipment. We sat down with the union and negotiated a compensation package for the 15 or so positions that we would not require anymore. Those are the only specific people who have been laid off.

Other than that, we will be calling people back on a daily basis—

**Mr. Fin Donnelly:** That was my next question.

**Mr. Robert Morley:** —throughout the year.

**Mr. Fin Donnelly:** Are any of those laid-off workers able to work at the cannery in Rupert?

**Mr. Robert Morley:** The tradespeople were given an option of staying on the seniority list and doing other work in the plant. Some

of them have taken that option, and some of them have sought work elsewhere.

**Mr. Fin Donnelly:** We've heard testimony about the community, those fishing families, and a long line of connections in that area of those who have been working there. They say they're no longer working there. What do you say to those families? Are you saying that there is still work, and there is hope, and they can continue on?

**Mr. Robert Morley:** The plant has a lot of turnover. Every year we hire a number of people and try to run the lines. On average, we probably hire 200 to 300 new workers every year. In terms of the long-term people who have been in the plant, the operations of landing, unloading, heading and gutting, and processing the roe will provide a significant amount of work. Most likely, the senior people there will continue to get as much work as they have had in the past.

**Mr. Fin Donnelly:** There's been an issue of corporate concentration and talk of that increasing, as well as the issue of equity for fishing families in coastal communities. How do you respond to that? There was a comment that seemingly there's been an increase in corporate concentration—I think I saw you shaking your head—over the years, yet there seem to be fewer and fewer fishermen over the decades. How do you suggest that we increase equity in fishing families? What do you think the federal government should do to address this issue?

**Mr. Robert Morley:** The facts are that corporate concentration has not been increasing. It's actually been declining. I think I presented some numbers to show you that the perception people have is based on misinformation, because clearly Canfisco doesn't control anywhere near what people think it does.

Number two, the real issue we have here is that.... You're hearing people say that the good old days were the 1980s and 1990s, when we caught 150 million pounds of salmon. The landed value was anywhere between \$200 million and \$300 million. In the last decade, the average value of the fish has been under \$50 million, so there's not enough income there to support the same number of people who used to be there. Those are the facts.

I would love to go back to a regime where we could harvest more fish. That would be, to me, what I'd like to sit down and work on with the unions. Let's go after the government to come up with a better management system that allows us to increase the harvest so there's more for everybody. We have—

• (1645)

**Mr. Fin Donnelly:** You think the fish are there—

**Mr. Robert Morley:** —families that operate on vessels—

**Mr. Fin Donnelly:** —and they just need to have access to those fish?

**Mr. Robert Morley:** Yes, and they do have access. Our fishing fleet that we own, both 100% and in joint venture ownership, is probably 80% skippered and crewed by first nations people who live up and down the coast in communities such as Campbell River, Alert Bay, and Bella Bella. That's where the fishermen who are on our boats come from. That's where they live. They take their income back to those communities, so we think there's a tremendous amount of equity already in the fleet.

The problem—as I said—is that the volume and the value of the catch, because of conservative management and because of the advent of farmed salmon worldwide, which is depressing prices for all salmon, have meant that there's not as much income to support as many people.

**Mr. Fin Donnelly:** Mr. Nobels or Mr. McIsaac, in the remaining two minutes that I have, could you talk about the equity issue and what you think the federal government should do to address this issue, especially for the families of Haida Gwaii or Prince Rupert, for instance?

**Mr. Jim McIsaac:** Okay. The equity issue is about sharing the benefits from the fishery with fishermen, communities, and the general population of Canada. The main beneficiaries of that should be the folks who have their hands in the water.

What's happening with licences across the spectrum is that they're being separated from fishermen. The example of the halibut lease was given earlier and having to pay \$7 in terms of the lease. That is happening across all of the groundfish fisheries for those fishermen who don't own licences and quota. Making that connection to fishermen for that access to the resource is essential. That owner-operator component is essential to the resource and to equity going down to and making that connection with the community. That's also essential.

Bruce was talking about the trawl fishery, the processing that's still happening in British Columbia, and the landing in British Columbia. Part of that is associated with a component that was set up when quota was established, and that's the Groundfish Development Authority in British Columbia. It's the one bright light on this equity issue—if there is any bright light—and on making sure there is a connection to community on this coast.

Those are key things. With regard to the issue of corporate concentration, a study that came out this spring clearly shows that corporate concentration went up from 1993 to 2013. That concentration looks only at the ownership. If you look at the ownership and control, we're certain you'll see that an even bigger gap is being created there, creating a larger inequity. We have to move away from that corporate concentration and move to fleet separation, which keeps the processors out of the production and allows a larger free market for access to that fish, so that there's not that kind of monopoly control.

Rob identifies buying only 35% of the salmon. That's still a huge amount. It's having a huge impact. Being able to compete with all of the small processors that are on this coast...if that's their focus now, then they're in huge trouble, and we're going the wrong way.

• (1650)

**The Chair:** Thank you, Mr. McIsaac.

We're going to Ms. Jordan, please, from the government side, for seven minutes.

**Mrs. Bernadette Jordan (South Shore—St. Margarets, Lib.):** Thank you, Mr. Chair.

Thank you to everyone for appearing and for calling in. I appreciate this. As someone who grew up in a fishing community on the east coast, I find all of this very interesting.

My first question is for you, Mr. Turriss. You talked about the history of the industry and how, in 1995, because of the total allowable catches being exceeded, the fishery closed. How long was it closed?

**Mr. Bruce Turriss:** It was four and a half months.

**Mrs. Bernadette Jordan:** In that time, was science done on the biomass? Was there a decline in all of the stocks that were in the area? I'm curious as to the rebounding.

**Mr. Bruce Turriss:** No. During that time, a structure was put in place for the comprehensive monitoring of the fishery when it reopened.

**Mrs. Bernadette Jordan:** Thank you.

To that end, I'm going to you, Mr. Allain, with my question. You said that in 2014 the east coast landed 2.4 billion...was it pounds?

**Mr. Marc Allain:** That was dollars.

**Mrs. Bernadette Jordan:** It was dollars. Okay. That's what I wanted to be sure of. On the B.C. coast, it was \$390 million. You're attributing that to fleet separation and owner-operator, and I'm just wondering.... My understanding is that we have a much larger fishery.

**Mr. Marc Allain:** That's right.

**Mrs. Bernadette Jordan:** I'm questioning, I guess, as to how you break that down. How do you see that? I was under the impression from your comments that if you had a fleet separation the same as they do on the east coast, you would have a much larger landed catch.

**Mr. Marc Allain:** Oh no. Absolutely not.

**Mrs. Bernadette Jordan:** Okay.

**Mr. Marc Allain:** I was just using those numbers to illustrate the magnitude of the Atlantic fishery. It's six times larger.

My point, though, was that of the \$2.4 billion, \$1.8 billion is generated by the owner-operator fleets. It's mainly crab and lobster, and about 50% of the shrimp. Of all the crab and the lobster, 80% of that is exported. It's been an amazing success story in the last four years.

Those of you who have been around will know that in 2008-09 there was a crisis in the lobster fishery, but lobster production has doubled in the last 10 years. We've gone from 45,000 metric tons to 94,000 last year. In 2008 we were pumping all of that into the American market. Eighty per cent of it was going to the American market. Then the economy went into the toilet and so did our lobster fishery.

What happened? Processors, with support from provincial governments and the federal government, started marketing. They opened up the Asian markets. Our fishery has rebounded. Now, we can sell all the lobster we can catch, and we're getting excellent prices, so the system works. We have fleet separation. Fishermen are catching and processors are processing, and they're doing their work in terms of the marketing. The system works.

My point was about the amount, the share, that comes back to owner-operators. It's 100% of what they catch and what they get at dockside. The leasing is not allowed.

**Mrs. Bernadette Jordan:** Thank you for clarifying that, because I was under the impression from your comments that the difference in the amount sold was because of the.... I would have questioned that.

**Mr. Marc Allain:** No, no. Thank you.

**Mrs. Bernadette Jordan:** In terms of my next question, then, that actually was a good segue to Ms. Burridge.

You talked about the chum salmon fillets in Japan versus the ones in B.C. and said that it's more expensive to buy B.C. chum fillets. How much of that is because of the labour cost? When Mr. Sopuck asked, you said that it was the cost of the fish. Do you think the labour cost plays into that as well?

**Ms. Christina Burridge:** The labour cost certainly plays into it. Hokkaido chum is processed in China, as I said. We pay high prices to fishermen here, and that is primarily to independent fishermen.

**Mrs. Bernadette Jordan:** To independent fishermen. Okay. Thank you.

My next questions are for Mr. Morley. We heard testimony this week that 40% of all licences for salmon were held by Canfisco, and you're saying it was 4%. Is that correct?

•(1655)

**Mr. Robert Morley:** That's correct.

**Mrs. Bernadette Jordan:** Can you tell me where that discrepancy...? That's not a couple of percentage points. That's a huge discrepancy. How come people feel that you own 40% of the licences?

**Mr. Robert Morley:** Well, because it suits their story.

I'm giving you the facts. I know what the numbers are. Clearly, we own a higher proportion of the licences in the seine sector of the industry, but we own none of the troll licences and a few of the gillnet licences. There are three gillnet licences, so overall it's 4%. In the seine part, it is more, but it's still not 40% even in the seine sector.

Why do they make those claims? Because it suits their story to make the political argument they want to make about fleet separation and owner-operator.

**Mrs. Bernadette Jordan:** The other part of the testimony we heard was that on the 40% you hold, it is held jointly with fishermen or other companies. Is there an amount for licences that you hold jointly with other companies or with independent fishermen? What percentage would that be?

**Mr. Robert Morley:** Some of the seine licences, we do own in.... The licences here are on the vessel. Some of the vessels are multiple-licensed. There may be two licences on a seine vessel, and we might own the two licences fifty-fifty with a joint venture partner.

For example, in the salmon sector, we have a fleet of seine vessels that fish for us, about 43 vessels. Of those 43 vessels that are fishing for us in the seine side, we own the licences 100% for 15 of them. For another 13, we have a joint venture partnership with individual fishermen. Another 15 vessels that are fishing for us are 100% independently owned.

**Mrs. Bernadette Jordan:** I'm going to go to some questions about the facility in Port Rupert specifically.

You said that you're now moving more towards fresh or frozen, as opposed to canned. How many jobs will change with that? Will there be the same number of jobs in the facility? Is it a different skill set? I'm just wondering what the workforce will look like in the facility. You said that last year you had 411 workers working less than 302 hours per year, roughly. Is there going to be roughly the same amount of people employed for the same amount of time? Or will it change?

**Mr. Robert Morley:** There will be fewer people employed, for sure, because what we will be doing is unloading, heading and gutting the fish, taking the roe out, processing the roe into market products right in Prince Rupert, and then putting the gutted fish on trucks and shipping that down to the Lower Mainland. If we can't sell it fresh on its way down, which will be our primary attempt, we'll then be freezing it and selling frozen products.

We'll be employing other people in Vancouver to do the freezing, but certainly, in the Prince Rupert plant—I can't tell you until we know, because the landings vary from year to year—we expect to hire at least 200 people this year.

As I said, we normally have a significant amount of turnover every year. We wouldn't expect that those same 411 workers actually would be available to work this year in any event, because we do often hire between 200 and 300 new people each year.

**Mrs. Bernadette Jordan:** Do you have—

**The Chair:** Thank you, Ms. Jordan.

We're into our second round with Mr. Sopuck, for five minutes, please.

**Mr. Robert Sopuck:** Thanks, Chair.

What are the employment trends in the commercial fishery in B.C. overall? That's for Mr. Morley, perhaps, or Ms. Burridge.

**Ms. Christina Burridge:** I can start on that. Broadly speaking, we have certainly seen fewer jobs in harvesting as a result of moving to a more year-round approach. There are fewer jobs because of technology and because of a less seasonal approach, but certainly, on the whole, they're better jobs.



**Mr. Robert Sopuck:** Okay, but if we look at the entire industry from processing to harvesting and the management and all of that, is the number of jobs still declining somewhat? Or have they just been shifted around, with new jobs created while others have been eliminated?

**Ms. Christina Burridge:** Right now, we're looking at about 2,500 full-time jobs in terms of FTEs in fish harvesting and about 3,500 in processing. The processing number has generally been more stable than the harvesting number. The harvesting number has declined, as I say, because of changes in technology, as with so many other industries. Also, as I explained, with halibut, 25 years ago it was a six-day fishery. Now it's an eight-month fishery. Those are better jobs over a longer period of time than they were 25 years ago.

• (1700)

**Mr. Robert Sopuck:** Mr. Morley, you spoke about the Alaska fishery. I know that they have some very effective conservation and fisheries enhancement programs in place. One of them that I've heard about is "ocean ranching". Do you know what that concept is? Is it something that could be applied to our waters in B.C. to enhance our salmon populations?

**Mr. Robert Morley:** Alaska has a very extensive program in this regard. Some of the facilities are run by private non-profit community organizations that will own a series of pink and chum salmon hatcheries. They are very aggressively expanding production in those two species, to the point where, in much of their fishery—in Prince William Sound, for example, and in southeast Alaska—probably upwards of 50% of the pink salmon and a quarter of the chum salmon come from those facilities. They're very successful and very productive.

We could do a similar thing in British Columbia. The government has not allowed any people to get involved in the non-profit hatchery business in B.C. They've kept the salmon enhancement program to be 100%.... In fact, I spent five of my years in the government actually working as director of planning for the salmonid enhancement program, so I know about this extensively. A lot of groups wanted to get in, but the government said no.

One of the reasons was that they were concerned about the impacts of mixed-stock fisheries on enhanced fish and wild fish in B.C. In addition, the program in B.C. has really focused on being a rehabilitative program and a supplemental program, mainly for chinook and coho. We have not really taken any opportunity to expand production in pink and chum, which are there and could assist us in improving the.... I think there are spots where we could do it and where there wouldn't be impacts on wild populations.

**Mr. Robert Sopuck:** Would you like to see Canada emulate the programs that Alaska has?

**Mr. Robert Morley:** I think it's an opportunity that should be discussed and pursued with communities up and down the coast, yes.

**Mr. Robert Sopuck:** I think one of you mentioned aquaculture. I'm curious about the relationship between the wild salmon fishery and the fish produced by aquaculture in B.C. I think one of you said that aquaculture production worldwide has depressed salmon prices. Is that correct?

**Ms. Christina Burridge:** Yes, broadly speaking, that is definitely true. Mr. Morley spoke about how B.C. represents 5% of North

American wild salmon production, but in terms of total global salmon production we are at less than 1%, so we are very much a price-taker.

That said, what we have seen, particularly over the last few years, is increased demand for wild fish, and that has tended to move prices upward in comparison, say, to the situation in the 1990s, when farmed salmon were widely thought to be superior in terms of global markets in just about every respect.

**Mr. Robert Sopuck:** Where are the salmon produced by aquaculture in B.C. processed? How is that done? Is there any kind of cross-processing between wild fish and aquaculture fish? I know they'd have to be on different lines in a plant, but how does that work?

**Ms. Christina Burridge:** Aquaculture fish are largely processed on Vancouver Island. There are one or two small plants that would do both, but generally speaking, wild salmon, because it's such a seasonal fishery, is concentrated in plants that deal primarily with wild salmon.

**Mr. Robert Sopuck:** Thank you very much.

**The Chair:** Thank you, Mr. Sopuck.

Mr. Finnigan, go ahead for five minutes, please.

**Mr. Pat Finnigan (Miramichi—Grand Lake, Lib.):** Thank you, Mr. Chair.

Thank you to witnesses for appearing and for giving us all that information today.

I'm going to ask a question that I asked Mr. Boyes from the Halibut Management Association of B.C. last Tuesday. I'll direct my question to Monsieur Allain.

In 2004, Ecotrust Canada released a study estimating that by 2003 the market value of licences and quotas might be more than six times the capital invested in vessels and equipment. Is the value of commercial fishing licences and quotas within reach for younger new entrants and coastal rural fishers if they're able to buy them? I will have a follow-up question on that.

• (1705)

**Mr. Marc Allain:** Most of my expertise is in Atlantic Canada, and the whole question of intergenerational transfer is an issue, but what we're seeing—and this is where the importance of fleet separation comes in—is that surreptitiously processors can outbid fishermen. When a fisherman is retiring and the licence becomes available, there might be a young fellow who negotiates a price and all of a sudden a processor will come in and offer more. It's done under the table. That's a serious issue, but we're trying to deal with the department on that in terms of closing up some of the loopholes.

In B.C., I attended a meeting of the BC Hook and Line Fishermen's Association last year. There were two young fellows there, who were very well educated and who grew up fishing. They were sons of fishermen, and they could not buy in. Basically, it was inaccessible for them. That's my limited perspective. My colleagues from B.C. might have more to add.

**Mr. Pat Finnigan:** Thank you, Mr. Allain.

Mr. Morley, how does that not I guess concentrate.... In other words, who can afford that, other than maybe people or corporations that are already in?

**Mr. Robert Morley:** It's interesting that you should ask, because I mentioned that Canfisco owns 2% of the halibut quota. That is halibut quota that we were grandfathered into by the ownership of vessels we had at the time the system came into effect. We have not bought a single pound of halibut quota since then.

If you really want to look at who is buying, it is largely individual fishermen who might be investing their earnings from other fisheries, but they are buying halibut quota. The biggest buyer of halibut quota right now is the federal Government of Canada through the PICFI program in order to reallocate fish to first nations communities. So for the actual prices and the transactions, the reason they're increasing so rapidly is in fact due to the injection of money from the federal government, which is providing the quota to first nations communities at no cost. They really have no capital costs to get in.

If you compare the situation to Alaska, where they have a quota system as well, and you look at the prices there, they're far lower than the prices in B.C. The numbers aren't justified, really, on what you can make as a return. They're really being pushed by an injection of outside capital from the Government of Canada.

**Mr. Pat Finnigan:** I'm from the east coast also. On the east coast, since the Marshall and the Sparrow decisions, a lot of the first nations have been able to purchase fishing licences. Specifically, in my riding, they bought a processing plant to get people working. What we've been hearing from some of the first nations is that traditionally they have been working in fish plants or fishing themselves.

Do you think that model could work? If so, why? Or why not? Could that model work in B.C.? Could they operate a fish plant to get people in their communities working? I would ask Mr. Morley that question.

**Mr. Robert Morley:** In terms of processing plants in British Columbia, as indicated, we could go back and say there should be a plant in every community, whether it's a local first nations community or somewhere else. In 1919, there were 97 canneries in B.C. They employed 9,000 workers. Most of those were first nations people. You heard some of that history the other day.

I would contend that if we had an adjacency principle that required the delivery of fish to those plants in all those communities for processing there, we would not have a commercial salmon fishery in B.C. today. No one could afford to go fishing and deliver to those plants. Those plants could not afford to meet the rigorous inspection standards required in the international standards of

buyers. It is not economical to operate a seasonal operation in every little community up and down the coast.

What you are seeing, in order to compete on world markets, is that fish plants are trying to become more multi-species and work year-round. If you look at a number of the plants that are operating, both on Vancouver Island in certain locations and in the Lower Mainland, you will see that they are operating on multi-species multi-fisheries and employing workers year-round. In some of the more remote locations, where you only have access to seasonal fisheries and little quantities, it isn't going to work economically, unless the government wants to subsidize a plant in every community. That's the only way they're going to operate.

**The Chair:** Thank you, Mr. Finnigan.

**Mr. Pat Finnigan:** Thank you.

**The Chair:** We'll go to Mr. Zimmer for five minutes.

• (1710)

**Mr. Bob Zimmer (Prince George—Peace River—Northern Rockies, CPC):** Thank you, Mr. Chair, and thank you for the nice warm welcome.

I'm from British Columbia, like a few of my colleagues around the table. I have a question for Robert.

We often hear arguments.... LNG is a big deal in my riding, etc., and we often hear that one group wants to support 100% of something, and they end up getting nothing, because the industry can't survive. If fleet separation comes to B.C., what's the fallout for the fishing industry in B.C.?

**Mr. Robert Morley:** I'm not sure exactly how it would be implemented. Are you suggesting that the government is going to say that we have to sell our licences? You're going to force us to get rid of our licences?

**Mr. Bob Zimmer:** Not me. I'm not government. I'm the opposition.

**Mr. Robert Morley:** I find it hard to answer that question, really, because I can't conceive that the government would require companies that have provided good jobs and good income to fishermen and have lived by the rules.... That you would come along and say, "I'm going to take away the large part of your assets of your business", so that we basically don't have a business anymore, I just can't conceive of that happening.

**Mr. Bob Zimmer:** Just to be clear, I'm in the opposition. I'm a Conservative on the Conservative side, so that's why I'm asking you.

**Mr. Robert Morley:** I know.

**Mr. Bob Zimmer:** Again, if this process is to proceed and is possibly something that the government desires to do, my concern is the fallout from that. You have a good industry that has been established for many years and is one that works.

I guess you've basically answered my question about what the fallout of that is, because I see good companies that employ a lot of Canadians, a lot of British Columbians, and if we now somehow put this dramatic change for the industry on the table, can it survive? That's my comment: 70% of something is much better than 100% of nothing.

I have another question for you. How much of the fish caught on the west coast—and this is a broad question to answer, maybe, in your company terms—is actually processed in B.C.?

**Mr. Robert Morley:** How much of it is processed where?

**Mr. Bob Zimmer:** In B.C.

**Mr. Robert Morley:** For our company, 100% of the fish we land in British Columbia is processed in British Columbia.

**Mr. Bob Zimmer:** Right.

**Mr. Robert Morley:** I would say that's true for most of the companies in B.C. It's a very small part that is exported somewhere else for processing.

**Mr. Bob Zimmer:** Knowing that, Christine, I think you mentioned the higher costs of the fish, etc. Ultimately, the customer is the person who has to pay for the fish and has to decide whether they are going to choose one cut over the other. If they're at a particular retailer, they're going to pick the cheaper one. If they need to buy food for their families, they're going to choose one because it's \$5 a fillet, or whatever the cost is, over the one that's \$10. I see the competitive need in the industry, I guess, to do what it does.

I would ask Robert again, I guess, if this is implemented.... Let's use your company. Have you thought of a worst-case scenario? What would happen if the government decided to do this tomorrow? What would happen to the company?

**Mr. Robert Morley:** I can't really answer that question. I don't see it happening. I don't see the need for it. I don't see that there's any evidence that the current system is not working properly.

Our company is in the business of trying to make money for our investor. We would readjust our business, but it would mean that there really would be less business to be done in B.C., I think. That's the answer.

**Mr. Bob Zimmer:** That's all I have.

Thank you.

**The Chair:** Thank you, Mr. Zimmer.

We'll go back to the government side for five minutes.

Mr. Morrissey, go ahead, please.

**Mr. Robert Morrissey (Egmont, Lib.):** I have one question. I believe it would be for Mr. Morley.

You made a comment about the per unit labour cost for Alaska versus B.C. What's the difference per unit in the processing of salmon? Do you know?

**Mr. Robert Morley:** Yes. For example, on a cost-per-case basis for a case of salmon, the labour cost in Alaska is about one-third of what it is in B.C.

B.C. is a very high-cost place to live. We pay our shoreworkers very good wages, and we're happy to do that, but the difficulty is that in Alaska, our competitors can get people to work there—and we can as well—and they're happy to work for a lot less, partly because they're working for a very short season and they get a lot of overtime. That's the way the industry has evolved there.

• (1715)

**Mr. Robert Morrissey:** This question is for Ms. Burridge.

How have the incomes for fishers changed over the years? I would gather from the testimony that's been given that the impact on the plant has been driven to a large extent by a changing marketplace, which is demanding a product other than canned salmon. What impact has that had on the incomes of fishers over the past number of years?

**Ms. Christina Burridge:** I think it depends very much on which period of time you take.

**Mr. Robert Morrissey:** I've looked back at the last five to ten years, specifically as that has related to salmon.

**Ms. Christina Burridge:** I'm not sure I have those numbers immediately available. I think the main points are the ones that were raised earlier.

The difficulty with salmon in B.C. is the highly variable level of harvest. In 2006, 2010, and 2014, we caught millions of sockeye on the Fraser River. This year, we'll probably catch none. In 2014, the income to fishermen for salmon would have been pretty decent. In 2016 on the Fraser, it's going to be non-existent.

Salmon is no longer the core of this business. It was in the 1980s, which is the time that everyone, including me, looks back to. Salmon, because of the extreme variability of harvest, where we get one good year in four and then perhaps two years when we don't fish the Fraser at all, is never going to drive the kinds of incomes that it did in the past.

This fishery now actually draws its strength from other fisheries. There's salmon and, to some extent, there is herring. Again, in the 1980s, herring was a fish hugely in demand in Japan. They paid massive prices for it. They never ate it; they just gave it as gifts to one another. Now we have to compete in the market where that fish is food, so again, the value of herring has dropped dramatically.

If you look at fisheries like the dive fisheries and geoduck, you will see that those are strong and profitable fisheries, and they have no difficulty in attracting labour or new entrants into the fishery.

**Mr. Robert Morrissey:** My question is for Mr. Allain.

While the fleet separation on the east coast has worked very effectively for ensuring that the control, primarily in lobster and crab, has rested with the fisher, could you comment on its impact on coastal communities with regard to seafood processing? One of the issues we have here and that has been brought forward is the loss of jobs at a cannery in Prince Rupert due to the lack of fish coming in, because the licensing policy doesn't allow it to go.

Could you comment on the situation on the east coast? Although you have the independence there, there's no directive as to where those fishermen go—they're quite independent—and some coastal communities have lost their processing facilities as well.

**Mr. Marc Allain:** Yes, there have been rationalizations. There has been change there. The fishing industry is a very dynamic industry because we depend on this wild resource. What we've seen in Atlantic Canada, for instance, as I mentioned previously, is a doubling of lobster production in the last decade.

**Mr. Robert Morrissey:** But there's a loss of jobs on the processing side because more is going to the fresh market.

**Mr. Marc Allain:** More is going to the fresh market, but we're also importing more. Also, more is actually going into processing because of climate change. Southwest Nova, which traditionally produced hard-shelled lobster, is now producing significant quantities of the soft-shelled, because the moult has changed. They were the high-end fishery that was all going into the live market, and now they have significant amounts—I've heard up to 40%—going into the processing.

There are challenges there, as you know in your constituency. There's a labour shortage on the processing side. There's a difficulty in attracting people. What we're seeing on the harvesting side, though, is that young people are coming back. They're coming back from Alberta, they have money, and they're willing to invest. They're buying licences. We're seeing young people coming into the fishery in Atlantic Canada. They see a future there—

• (1720)

**The Chair:** Thank you very much, Mr. Allain. I'm sorry to cut you off there.

Mr. Donnelly, please, for the final question. You have five minutes.

**Mr. Fin Donnelly:** Thank you, Mr. Chair. Three minutes...?

**The Chair:** I'm sorry. By "five", I mean three.

**Mr. Fin Donnelly:** I would take the five.

**The Chair:** I have trouble with math sometimes.

**Mr. Fin Donnelly:** I won't comment about that.

Mr. Nobels or Mr. McIsaac, to finish this off with the remaining time I have, Ms. Burrige spoke about fish processed in China—she gave that example—and the need for B.C. to produce a competitive product, which I think was alluding to the cost of harvesting or paying fishermen, which is too high in B.C. I'll also point out that Mr. McIsaac told the committee that the average annual income for fishermen in B.C. was around \$19,000.

We've heard the two different cases. We've heard that owner-operator fleet separation on the east coast works well, and we've heard that it has problems. Obviously, we're hearing a case for ITQs on the west coast, and I think you're saying that there are some problems.

How do we reconcile this? How do we get more fishermen and more fishing families working but still work with the companies that are in place and have legitimately been working on the conservation issue, on monitoring, and on improving the situation? What are your thoughts on where we go from here?

**Mr. Jim McIsaac:** They're very good questions. The system we have in British Columbia is not simple.

On the issue of the average income for a fisherman in British Columbia, it's pretty low. What's happening with the landed value? If you look at the landed value in British Columbia, you'll see that it's been averaging somewhere around \$300 million a year. Almost a third of that is being taken out in the costs of licence leasing and quota leasing. Those come directly out of the dollars available for fishermen for their income and for reinvestment in vessels, gear, crew, and all that.

It's impacting the recruitment into the fishery across the spectrum. Less and less new-generation folks are coming into the fishery in British Columbia, because there's less opportunity. When you look at that kind of income level, you ask yourself why you would get involved in something like that to earn a poverty-level wage when there are all these other opportunities out there. That's the scenario.

There are a few fisheries from which folks are able to make a decent living. They have licences either from family passing them down or because they attained them before they went to ITQs. Look at the difference between Alaska and British Columbia. Alaska went to quota shortly after British Columbia did, but they made the move there realizing that there's this impact of the transferability and the connection to the fishermen that needs to happen, so they put that in as a requirement. We haven't done the same in our fisheries here.

If we want to have viable fishing enterprises, small boat enterprises, on our coast in the long term, in the future, then we have to make that connection. As to the kind of timeline to do that, I would never suggest—and I don't think anybody is suggesting it—that we do this tomorrow. You need to have some kind of process to move this forward over a time period. It's not like fishermen are not going to produce fish for processors; there would always be opportunities for processors to buy fish. With regard to Canfisco having an opportunity, I'm certain there would be an opportunity to buy fish in the future from independent fishermen.

• (1725)

**Mr. Fin Donnelly:** Thanks.

There's never enough time, but in the remaining 30 seconds, Mr. Turris, do you have any any final thoughts on what you might recommend, given what you've heard on the two different coasts and the different structures?

**Mr. Bruce Turris:** Again, we understand the fisheries a little differently. Mr. McIsaac's logic about 80% of the \$300 million going to leases is just not accurate. That's part of the problem: that it's not accurate. In fact, if that were accurate, none of the fisheries would be viable—

**Mr. Fin Donnelly:** Where would you suggest we go from here?

**Mr. Bruce Turris:** I think we're actually already on a path where we're trying to address many of the issues that will make our fisheries continue to be viable in the long term in terms of better resource management and science and industry involvement. I think that some of the discussions regarding salmon and the comments Rob made about opportunities for communities and enhancement and such are reasonable ones.

The reality is that it's an integrated industry, and it all works together, so salmon.... It's not just any one single species, so the more the fishery integrates over time, from the harvester through to the processor, across all species in all areas, the greater the viability and the long-term success we'll have.

**The Chair:** Thank you, Mr. Turris, for your comments.

With that, we have come to the end.

I want to thank Mr. McIsaac and Mr. Nobels for joining us by teleconference.

I also want to thank Mr. Morley and Ms. Burrige. Thank you for your time and for being available through video.

That concludes the study. Plus, it concludes our day.

Of course, thank you, Monsieur Allain and Mr. Turriss, for joining us here.

If there's nothing else, the meeting is adjourned.

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