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• (1635)

[English]

The Chair (Mr. Ken McDonald (Avalon, Lib.)): I call this meeting to order.

Welcome to meeting number 67 of the House of Commons Standing Committee on Fisheries and Oceans. Pursuant to Standing Order 108(2) and the motion adopted on June 20, 2022, the committee is resuming its study of foreign ownership and corporate concentration of fishing licences and quotas. This meeting is taking place in a hybrid format, pursuant to the House order of June 23, 2022.

Before we proceed, I'd like to remind everyone to address all comments through the chair.

I would like to welcome our first panel of witnesses.

Representing Ecotrust Canada, we have Tasha Sutcliffe, senior policy adviser in the fisheries program. Representing the United Fishermen and Allied Workers' Union, we have Kyle Louis, vice-president, and Emily Orr, business agent.

Thank you for taking the time to appear today. Each group will have up to five minutes for an opening statement.

I will invite Ms. Sutcliffe to begin, please.

Ms. Tasha Sutcliffe (Senior Policy Advisor, Fisheries, Ecotrust Canada): Thank you for having me here today.

I'm currently an independent contractor and I'm here in my role as senior policy adviser for Ecotrust Canada. I also work with Coastal First Nations to support the development of their community-based fisheries, a key aspect of the fisheries resource reconciliation agreement you heard Paul Kariya speak to you about on Monday.

I've spent 27 years supporting fish harvesters and fishing communities, and I believe fisheries as a renewable resource can be well managed for environmental, social, cultural and economic objectives. Licence policy is one of the key things that affect our ability to realize this.

This is my third time testifying on this subject; the first was in early 2019. I want to thank this committee for keeping this topic on the table and continuing to support the people and communities of the coasts, plural.

In preparing for today, I went through licence reports again. I had a moment when I questioned why we have to continue to show the government the evidence of foreign ownership and corporate con-

centration in B.C. fisheries. We know there's foreign ownership. We know there's corporate concentration. There's been much information shared on this. We've heard of companies that link back to foreign parent companies; global companies that continue, even to this day, to buy up smaller local operators to consolidate and control the supply; cash exchanges from offshore buyers to avoid tax, or worse; licences and off-loading facilities owned by offshore interests, including those linked to groups like the Big Circle Boys of money-laundering fame; full vertical integration of supply chains and cartel-like control of markets with no transparency; and blank cheques at the licence broker to outbid any local operator who tries to buy in.

We've heard this information, and more. We've seen evidence and have been told how dangerous it is for those in the industry to provide details for fear of punitive action.

What is so problematic, though, is that we do not know the full scope of who owns licences and quotas in B.C. or where owners are from, because anyone can buy a licence or quota and anyone can sign an agreement for someone else to operate it, and for any fee. We do not track this information. We do not know the true picture of who is making money from B.C. fishing access. The beneficial ownership survey will not provide us with answers on beneficial ownership, because it did not ask the licence-holder whether they owned the licence. In B.C., the licence-holders often do not own them.

We heard DFO explain the protections against foreign ownership in Atlantic Canada. In B.C., we don't limit processor, foreign or corporate ownership of licences and we haven't even touched the mess of trying to track quota ownership.

What I want to say today is that in my opinion, focusing on the ownership being foreign and corporate isn't actually the heart of the point. I certainly have no interest in fanning anti-Asian or any "anti-" sentiments. What I care about is whether the fishery is working as it should be—benefiting those who are on the deck of the boat and the communities of the coast, rebuilding first nations' access, revitalizing their fishing fleets and supporting societal values for B.C. and Canada. If the current system resulted in these outcomes being achievable for fishermen, first nations and coastal communities, I would not be here fighting for change.

The fact is, however, that under the current regime, it is doing the opposite. Fishing enterprises are failing; good fishing crews are extremely hard to find; skippers have a huge amount of risk and work to secure a viable season if they even can; and new fishermen can't afford to buy into the fishery—new fishermen are rare, period. We are losing our fleets and we are losing the benefits of the fish being pulled out of the water, and it is in large part because we're losing control of access.

The point is the indisputable negative impacts of the current policy. Breaking that down, the landed value of fish is not getting to the fish harvesters, and their fishing enterprises are unstable, lack security and are hard to keep viable.

Why? It is because fish harvesters who run fishing enterprises are increasingly renters of access, not owners. From year to year, they have to take on the risk and cost of fishing with no security of access or price.

Why? It is because fishing licences and quotas are way outside the range of affordability, not just because fish harvesters can't get that kind of capital but also because, even if they did, they will never make enough money through fishing to pay it off in their working lifetime.

Why is it so high? There are many reasons for this. The first one is that we have no fleet separation or owner-operator rules. Anyone can buy a licence.

• (1640)

Why would others buy a licence if the fishing return on investment isn't worth the cost of the licence? It's because they're not solely benefiting from the fishing ROI. If you have deep pockets, are further up the value chain and have access to fish markets, then you can pay more for licences. If you control enough supply, you can control the value chain or, even worse, you have other nefarious activities that make this investment even more lucrative. This situation perpetuates itself, because even those buyers who do not want the huge asset investments in access must buy into the system to stay competitive with these other players.

The lack of oversight and control on who can buy and operate B.C. fishing licences and quota in B.C. are crushing our fleet; it is eliminating viable owner-operators; and it is putting pressure on the smaller land-based operators to consolidate and amass access themselves, at great cost.

The Chair: Okay, Ms. Sutcliffe, I'm going to have to stop there. We've gone a bit over for the five-minute opening statement.

Ms. Tasha Sutcliffe: Okay.

The Chair: We'll move on now to our next presenter.

I don't know whether it is Mr. Louis or Ms. Orr giving the opening statement for five minutes or less, or whether they're sharing their time.

Ms. Emily Orr (Business Agent, United Fishermen and Allied Workers' Union – Unifor): Good afternoon. My name is Emily Orr. I'm the business agent for the United Fishermen and Allied Workers' Union.

I'd like to thank the committee for taking this incredibly important study forward. We're very grateful to you for that.

As you know, the Pacific region doesn't have a licence policy to restrict foreign ownership or corporate concentration of fishing access. The resulting situation is that Canadian independent owner-operator fish harvesters are being outbid, outbought and increasingly pushed out of Canada's west coast fisheries.

The benefits of commercial fishing should flow to those doing the work and taking the risk and to the adjacent coastal communities. Coastal economies are suffering visible economic drain as those benefits instead go increasingly and unchecked to offshore investors.

Reconciliation objectives involving fisheries access are challenged by competition with foreign investment and corporate concentration, and domestic food security is being wilfully overlooked.

The east coast has an owner-operator policy. You'll hear later in the study from Rick Williams, who will provide compelling statistics that compare harvester incomes and industry economics from east to west.

In the delivery of the PIIFCAF policy to the east coast in 2007, fisheries Minister Shea said,

The goal of the PIIFCAF Policy is to strengthen the Owner-Operator and Fleet Separation Policies to ensure that inshore fish harvesters remain independent, and that the benefits of fishing licences flow to the fisher and to Atlantic coastal communities.

DFO's stated objectives of that policy are to:

reaffirm the importance of maintaining an independent and economically viable inshore fleet;

strengthen the application of the Owner-Operator and Fleet Separation policies;

ensure that the benefits of fishing licences flow to the fish harvester and the coastal community; and

assist fish harvesters to retain control of their fishing enterprises.

These are the things that we are seeking for the west coast. The question that has yet to be answered is why an owner-operator policy hasn't been developed also for the west coast.

Earlier this year, the UFAWU launched a parliamentary petition to request the minister to put an immediate stop to any further foreign ownership or beneficial interest in commercial licences and quotas—recommendation two of the FOPO report “Sharing Risks and Benefits”—as no tangible action by DFO with regard to this recommendation has been taken so far.

In 2018, half of the \$60 million in licence and quota purchases were by foreign investors. Six licence-holders had more than 50 licences each, and 1.2% of the quota owners held more than 50% of the quota pounds.

DFO has advised that the beneficial ownership survey is the step they've taken in response to calls for policy change and that it's necessary to better understand the scope of the issue of foreign and corporate ownership. The survey was directed to “licence-holders”, not “licence owners”. This slip of semantics should effectively nullify the results of the survey, as the licence-holder and the licence owner are not necessarily the same, which is central to the overall problem.

I'm a second-generation fish harvester who, after 12 years of fishing and learning my way to running the boat myself, could not compete to buy my parent's fishing licence. It ultimately sold to a processor in Vancouver and the boat went to Alaska.

In previous work as a fish coordinator for PICFI's CFE, or commercial fishing enterprise, I was responsible for tendering the licences and quotas for those nations. It was 10 times out of 10 that the companies outbid the independent harvesters. This drove licence lease prices up almost 50% higher.

One of the lifelong harvesters I work with is currently looking to retire and sell his boat and licence. The first offer came on day one, from a company.

Another harvester I work with fishes geoduck, which involves dangerous underwater harvest. He is responsible 100% for the physical risk and 100% for the cost of the vessel operations and the expenses of the crew, yet receives only 22% of the landed value of the catch.

These experiences are not unique. In fact, they have become the norm.

I'm here today on behalf of fish harvesters who still have aspirations to become owner-operators, on behalf of coastal communities who rely on fisheries to stay viable, on behalf of British Columbians concerned about domestic food security and on behalf of Canadians who deserve better management of our common property fisheries resource.

Thank you.

• (1645)

The Chair: Thank you for that.

We'll now get ready to go to our questions. I will remind committee members that we have a dead stop at 6 p.m.

With the permission of the committee, to balance it out, it's basically 45 minutes for each session. Instead of six minutes, five minutes and two-and-a-half minutes, if we went four minutes for each

questioner, that would allow everybody a good chance to get in their questions.

That's if the committee is okay with that. If it's not unanimous, we'll go with the regular six minutes until the time runs out.

An hon. member: We'll agree to that.

The Chair: Okay.

Mr. Arnold, you're up first. You have four minutes or less, please.

Mr. Mel Arnold (North Okanagan—Shuswap, CPC): Thank you, Mr. Chair.

Thank you to the witnesses for bringing this testimony forward.

Ms. Sutcliffe, you mentioned that fishermen can't afford to buy the licences and quota because the returns on investment, basically, are not enough to justify the cost. Can you elaborate a little bit more on that?

Ms. Tasha Sutcliffe: Yes. I've done quite a bit of analysis, actually, over the last year trying to look at what it would take for a fisherman to invest in a fishing licence and how long it would take them to pay it off with the current prices. I can give you a real example.

In sea cucumber, currently licences are going for \$1.5 million. That's doubled since 2015. Most skippers lease and only get \$2.25 a pound, but if you are an owner-operator, you get \$9.25. If we go with that number, after expenses, the average skipper would make about \$40,000 of a boat share. That means it would take them, even if they had all the capital and didn't have any cost of borrowing, at least 36 years to pay off that licence. Chances are that they would never be able to pay it off. I don't know anyone who's going to give a fisherman \$1.5 million with no cost of financing.

Mr. Mel Arnold: Thank you.

You both mentioned that you've tracked some of the recent sales to foreign ownership, yet we've heard some testimony that there's no way of tracking who owns what.

Ms. Sutcliffe, perhaps you could start and then Ms. Orr could elaborate on it a little further: How are you able to determine that it's foreign ownership that's picking up these licences when we aren't clear on how it's tracked?

Ms. Tasha Sutcliffe: It's a really good question. It sounds like a contradiction. It is extremely hard. The foreign ownership examples that I know of have to do with a whole bunch of digging and research in some cases.

In one of the examples that I mentioned about the connection and that I've testified about before, it's because that person was traced through the B.C. online registry as the single director and shareholder of a company that's investing in B.C. They also were outed in the money-laundering investigation in B.C., so it was easy to track them and know who they were. It's in the public record. In another case, it was just detailed online research based on intel given by someone in the industry. In other cases it's just known. The companies admit it. They know they're foreign-owned.

Mr. Mel Arnold: You mentioned the same individual with ties to the money-laundering case. Is it your view that laundered money is being used for some of these licences?

Ms. Tasha Sutcliffe: I've heard from many, many people that this is the case, yes.

• (1650)

Mr. Mel Arnold: Okay. Thank you.

Ms. Orr, do you have any comments on how we're tracking these licences and the sales?

Ms. Emily Orr: I think Tasha explained it fairly accurately. Beyond that, it's mostly anecdotal. It's stories that you hear from fish harvesters, processors and buyers. It's information that comes sometimes first-hand and sometimes second-hand, but that is the problem: We don't have an actual track of it.

Mr. Mel Arnold: Okay. Thank you.

I guess for both of you, is there an indication that the government funding going into the buyback programs is affecting the licence sale prices at all? How is it affecting them, if it is?

Ms. Emily Orr: Yes.

Ms. Tasha Sutcliffe: Yes, it definitely affects them. It's known to have affected them over the years. Buybacks always amp up prices. I think it's taken advantage of by certain individuals on the broker side as well. I think in a lot of cases fishermen do deserve the prices they get in those buybacks, but there's definitely a dynamic that can result in overinflation of prices from government buybacks—definitely.

The Chair: Thank you for that.

Before I go to Mr. Hardie, I will say to the witnesses that if you haven't been able to provide an answer, you can actually email an answer to the clerk and it will be included in the testimony.

We'll go now to Mr. Hardie for four minutes or less, please.

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

I have some audio problems. I hope you are able to hear me okay.

The Chair: We are able to hear you okay.

Mr. Ken Hardie: Good. Thank you.

For Ms. Orr, at the Fisheries for Communities sessions in Victoria a few months ago we saw a chart that said that of the money coming out of the ocean, the harvesters were realizing about \$400 million a year, but that was the gross amount.

Do you have any idea what the net looks like for the average independent harvester out there, who may be having to rent both the licence and the quota?

Ms. Emily Orr: I can help with some specific examples. For example, in prawn, there have been years when the leases are upwards of \$70,000. Before the harvester heads out and goes fishing, they're paying that lease price, paying the licence fees, which are nearly \$6,000, and paying for all of their vessel requirements—outfitting the gear, the fuel, everything that is required to undergo the fishing activity. What that harvester lands is going to give you what their profit margin might look like. As somebody who leases the licence, if you're indentured to your fish processing company, if they've provided the loan to purchase or to lease a licence, you are going to be fishing for the price that the buyer is willing to pay you.

The value of fish varies radically among fisheries, and, of course, there are lots of unknowns with what the price is going to be each year for many of the fish species.

It's difficult—

Mr. Ken Hardie: Okay, I'll have to leave it at that, because I have limited time.

Ms. Sutcliffe, above and beyond the money, I want you to tell the committee about what you presented in Victoria on the other considerations that go far beyond the economics—the cultural, the community values, etc. Talk about the full picture, if you could, please.

Ms. Tasha Sutcliffe: Thanks, Ken.

It's more than I could ever say in a few minutes. There are a plethora of values that we see in coastal communities as a result of a thriving fishing community. It's everything from the infrastructure that supports so many other aspects of coastal community health and well-being, including wharves and docks, and people who are providing skills, like mechanics. There's also a lot to be said about the social and cultural values around the provision of food—the relationships, the understanding and the stewardship of the marine resource that's adjacent to you and your ability to interact with that, certainly for the first nations.

I work with the ability to maintain boats. Skills to access traditional foods are also a huge part of maintaining your fleet. I will actually provide some of that information in a brief to the committee as well, because it's much more than I could ever describe or give credit to in a few minutes here.

If I could just use one minute, I don't know if anyone has minutes to spare, but I just want to say that Kyle, our colleague here, is a commercial fisherman. He has a really important story to share, and he didn't get a chance to testify. I believe he prepared something. I'd be willing to give up time and put my answers to questions in a submission to get some time freed up for him, if there is a way to do that.

• (1655)

Mr. Ken Hardie: Well, I would presume my time is just about up.

Yes, it is. Thank you, Mr. Chair.

The Chair: Thank you, Mr. Hardie.

Before I go to Madame Desbiens, I will say that in rounds of questioning, Mr. Louis might be able to get out some of his opening statements or remarks in answers, but other than that, his information is provided to the committee in written form, so the committee members have that on record as well.

We'll now go to Madame Desbiens for four minutes or less, please.

[*Translation*]

Mrs. Caroline Desbiens (Beauport—Côte-de-Beaupré—Île d'Orléans—Charlevoix, BQ): Given that there is some of the same thing happening on the east coast and in the Gulf of St. Lawrence, we also have concerns. What worries us even more is that we have even heard that people want to testify anonymously. It's starting to scare us a bit, I have to admit.

I'd therefore like to give Mr. Louis two minutes to talk about this, because it does concern me.

[*English*]

Mr. Kyle Louis (Vice President, United Fishermen and Allied Workers' Union – Unifor): Thank you, Caroline. I appreciate that.

First and foremost, I want to acknowledge the Anishinabe Algonquin people, whose unceded territory we're meeting on today.

My name is Kyle Louis. I'm the vice-president for the United Fishermen and Allied Workers' Union. I'm also an active fish harvester.

I'd like to thank the committee for their time and effort spent on this study on this ever-so-important fisheries industry.

I'm a fourth-generation harvester and I'm feeling the pinch from foreign ownership and the lack of an owner-operator policy. The very fact that I'm able to be in front of you today is a direct result of this. Our B.C. prawn fishery kicks off in four days, and I'm without a licence.

You may ask why. I'll bring you up to speed on the current situation that other harvesters and I are facing.

I had taken out a loan to refit my boat to allow me to fish prawns and salmon with one vessel. I bid on the licence through a process whereby, when you're outbid, you're able to do a counter-bid. Not only was I outbid by 140%, but the sudden interest was from an overseas investor who was looking to secure as many licences and as much product as possible.

This licence was also a PICFI licence. PICFI was created to increase indigenous capacity within commercial fisheries, but there is zero DFO policy to ensure indigenous commercial harvesters get the first access at reasonable lease rates, which results in people like me either not being able to compete to lease licences or having

to get companies to finance at lease rates such that we end up having to pay back the majority of the value of our catch to a company.

I can't afford to compete with these companies to buy my own licence. My only option, therefore, is to lease. Running a commercial fishing business is expensive, with most of the costs and financial risks having to be paid up front. This is just not financially viable when we're taking home only about 20% of the value of our catch, and that's before taxes.

That's just a quick snapshot of what I and a lot of other B.C. independent fishermen have been and are currently dealing with.

Again, I thank you for your time and your consideration on these issues.

The Chair: Thank you.

You still have a little over a minute, Madame Desbiens.

[*Translation*]

Mrs. Caroline Desbiens: All right.

Thank you, Mr. Chair.

My question is for Ms. Sutcliffe.

What will the consequences generally be on Canadian fisheries if we don't immediately get a grip on the extent of foreign investment? What will the short-term consequences be?

[*English*]

Ms. Tasha Sutcliffe: Yes, and again, I think I want to separate the idea of foreign investment from foreign ownership and control of the supply of the fishing access, because I think those are fundamentally two different things and have two different impacts.

I think there are examples and cases of companies in B.C. that have foreign investment or foreign owners, and those companies have been very good participants and partners in the fishery, and good citizens. I'd even say, in the communities in which they have operations. There are also some very difficult examples. It really depends on the model.

What's happening now is that these forms of investment from very large corporate interests are coming in and taking control of the supply and the whole vertical integration of the supply chain. As a result, with the money that gets left in communities, our ability to build on that and even to do some new innovative things with our supply becomes very restricted and limited. I think that is damaging not just for B.C. but anywhere where that continues to exist.

I wouldn't want to say that.... I'm not taking a position here that there's no role for corporations and there's no role for investment or foreign investment, because I think there also have been positive examples of opportunities created out of that. I just think that we need to look at the impact of the policy and what's causing the most damage.

• (1700)

The Chair: Thank you, Madame Desbiens.

We'll now go to Ms. Barron for four minutes or less, please.

Ms. Lisa Marie Barron (Nanaimo—Ladysmith, NDP): Thank you, Mr. Chair.

Thank you to our witnesses for being here today.

Ms. Sutcliffe, Ms. Orr and Mr. Louis, it's nice to see the three of you. I wish I were there in person, but I thank you for being here.

Ms. Sutcliffe, my first question is for you.

I'm wondering if you can expand on this. We've all heard DFO's statement that British Columbia necessarily has been different from the east coast due to the policy being built on conservation objectives. I'm wondering if you can expand on that and what your response is to those claims.

Ms. Tasha Sutcliffe: Yes, and thank you for that question.

I have to say that there are very few things that frustrate me more than that line we keep hearing, with the exception maybe being the line of the scrambled omelette.

I think we have to remember that the issue we are having around the control of access to our fisheries does not negate our ability to meet our conservation objectives. We're not even talking about the flexibility that may be needed in some fisheries for fishermen to trade amongst each other for things like bycatch needs. We're talking about who is owning and controlling the licences and quota. You can still put limits and controls around who gets to be eligible to own licences and quota, still meet all of those conservation objectives and still meet all of that flexibility around trading for bycatch and all of the other aspects that people talk about, such as very good monitoring systems.

None of those things has to be affected by saying that we don't want corporate concentration of our licences and quota. It's a false dichotomy, and I really wish that we'd stop hearing that language from the department.

Ms. Lisa Marie Barron: Thank you very much, Ms. Sutcliffe.

My next question is for Ms. Orr.

Ms. Orr, why do you think that the survey is realistically the only step that we have seen taken to date by DFO in response to the 2019 FOPO report that had extensive recommendations based on witness testimony?

Also, can you expand on the survey that has gone out? What are your comments around the difference between licence-holders and licence owners, and the implications of that survey not considering the differences?

Ms. Emily Orr: Thank you.

I think the survey is flawed as to who it's asking the questions of, and that's what's causing the difficulty in the results that are going to come from it. The survey is not going to provide the information or the data that's useful for answering what the foreign ownership or corporate concentration picture actually looks like.

Sorry; what was the first question again?

Ms. Lisa Marie Barron: The first question was about your thoughts around why we have seen minimal action around the recommendations that were put forward in the 2019 report.

Ms. Emily Orr: My understanding is it's a capacity issue. That's the reason that DFO has provided to us.

Ms. Lisa Marie Barron: Okay, thank you.

What was the petition that you put forward, Ms. Orr? Can you expand on why you put forward that petition and what the reactions are that you have been receiving to date?

Ms. Emily Orr: The reactions were a shock. Most people we talked to about the petition had no idea that Canada didn't already have some restriction on foreign ownership or corporate concentration. People were horrified that Canada would allow an open black market on our fisheries resource.

We put that petition forward because we needed to bring the attention back to this issue and we needed DFO to take some serious steps towards resolution of the problem. The petition was to bring that attention forward in hopes of driving change.

The Chair: Thank you, Ms. Barron.

We'll now go to Mr. Small for four minutes or less, please.

Mr. Clifford Small (Coast of Bays—Central—Notre Dame, CPC): Thank you, Mr. Chair.

My first question is for Ms. Orr.

If licences are held now by non-fishers or whomever in different walks of life or whatnot, who in your opinion should be holding these licences?

• (1705)

Ms. Emily Orr: Thank you.

Independent owner-operator harvesters and first nations are the ones who should be holding the licences.

Mr. Clifford Small: Okay. Let's say we started unravelling that sweater. What's your vision for making changes to that? Would these licence-holders have to be compensated? Would there be some type of a redistribution scheme? Who would be eligible to pick up those licences then?

This is massive, according to what you've said to us here today.

Ms. Emily Orr: It is. I think it's a complex solution that we need to look at.

First is to stop the foreign ownership. Second is fleet separation. Third is the development of an owner-operator policy.

On the east coast they were given seven years to transition. It was between 2007 and 2014. That seven years was provided so that investors had time to divest.

We think that there are a couple of different models for the solution. One of them is perhaps the government—DFO—retrieving those licences and then reissuing them to independent owner-operators. Another is in an open market style: Those licences would be sold by the licence owners back to independent owner-operators in the same way that they are now, but with an impending deadline for those armchair fishermen to divest.

I think a provincial loan board for B.C. would be a really important part of that. B.C. and Alberta are the only provinces in Canada that don't have that. That type of loan program, provincially, helps east coast harvesters—owner-operators—to become more involved and to refit or buy licences or vessels. That type of program would help owner-operators on the west coast pick up those licences that would be let go.

Mr. Clifford Small: How successful do you think that new program is in Atlantic Canada? Do you think it's achieved its goals, or do you think that certain groups or individuals are skirting around that and rigging it up another way, but it actually still exists? Do you think that's possible in Atlantic Canada?

Do you think that would end up happening in B.C. at the end of the day?

Ms. Emily Orr: I know that's happening on the east coast from my conversations with our sister union, the FFAW. It's not perfect. I think we can learn a lot from the way they developed their program.

What I know—and you'll hear this from Rick Williams when he testifies—is that there are some really compelling tax filer data statistics from fish harvesters on the east coast, and there's been some really good data around the landings values going to communities on the east coast since the introduction of PIIFCAF. It's not a perfect program, but it's certainly miles better than what we are dealing with on the west coast.

Mr. Clifford Small: If individuals or corporations had to divest these licences, where do you think the price would go? Do you think the price would drop and those licences would be more affordable to harvesters, or would they remain at the level they are, and possibly even the fisheries loan board wouldn't be able to provide financing?

Ms. Emily Orr: That's a tricky question to answer in advance. I think you would probably see the value stay the same for the first while.

I know that the fisheries loan board, in some of the examples on the east coast of Canada, offers loans upward of a million dollars. That would be significant on the west coast for somebody to be able to achieve owner-operator status and buy a licence and a vessel.

It's difficult to say what would happen in terms of the volume, because on the west coast, we have a huge number of corporate-owned licences and quotas. To see that trickle out into a new set of ownership would be interesting to see and predict, for sure.

The Chair: Thank you, Mr. Small.

We'll now go to Mr. Cormier for four minutes or less, please.

[Translation]

Mr. Serge Cormier (Acadie—Bathurst, Lib.): Thank you, Mr. Chair.

I will begin with Ms. Sutcliffe.

Ms. Sutcliffe, do you think it's normal that in 2023, Canadian resources, which belong to Canadians, are so easily accessible to foreign companies?

[English]

Ms. Tasha Sutcliffe: I'm sorry. I missed the first part of the question. Can you repeat the framing?

[Translation]

Mr. Serge Cormier: Do you think it's normal that in 2023, Canadian fisheries resources are so easily accessible to foreign companies?

• (1710)

[English]

Ms. Tasha Sutcliffe: Thank you for the question.

I guess it depends on the definition of “normal”. Unfortunately, I think this is seen across a lot of our sectors in Canada and has become somewhat normal, but I definitely don't think it's good, because of the havoc it's wreaking on our ability to participate more fully in the benefits of the resources.

Again, for me, it's not so much about who it is or where they are; it's the impact, and it is definitely instrumental in affecting the decline of the benefits we're seeing from our fisheries.

[Translation]

Mr. Serge Cormier: What would your recommendations be for a win-win solution for the plants, the fishers and the plant workers? What solution would you propose to change the way things are?

[English]

Ms. Tasha Sutcliffe: I would very much repeat what Emily said. It would definitely limit future foreign ownership and investment in licences and quota, and fleet separation policy and owner-operator policy. As Emily said, it would be a multi-year transition to get there.

No one is talking about people suddenly losing their assets with no compensation, or about this being something that happens overnight. We're talking about recognizing that it will take time and that we will need to put financing supports in place for harvesters.

I will add that I think, from some of my recent analysis, that licences would go down in value. I know they're extremely expensive in Atlantic Canada, but that is more proportional to an extremely valuable fishery. I think licences that are overinflated well beyond the production value will go down, because they're overinflated for other reasons. Other fisheries will not go down. Those licences are actually worth that much money because the fishery is so valuable.

[Translation]

Mr. Serge Cormier: Thank you very much.

Ms. Orr, I know that Unifor represents many workers across the country. Right now we're talking about the fishery, but as you know foreign investment is still allowed in other sectors of our economy, such as the technology and oil sectors, for example.

Why do you think it should be different with the fishery? Why should we prohibit or reduce foreign investment?

[English]

Ms. Emily Orr: Thank you.

It's important to recognize that we're not asking for no foreign involvement or no foreign business to take place inside our fisheries economy. What we don't want is the vertical integration of those companies so that they have the entire chain, from the value of taking fish out of the water to overseas transport, the full line from start to finish. When we have that level of vertical integration, it makes it incredibly difficult for owner-operators to compete.

We know of companies that are headquartered overseas but have branches in Canada. They're fish buyers. I don't think that's the issue. I don't think anyone here is saying that's the issue. It's when they take the bulk of the licences and quotas and control the productivity of the fish that we have the problem.

The Chair: Thank you, Mr. Cormier. That's all the time we have now for this first session, or the first 45 minutes.

I want to thank Ms. Orr, Ms. Sutcliffe and Mr. Louis for appearing before the committee again today, and for sharing their knowledge with the committee as we try to get this study done and a good report written on it.

As I said earlier, if there's anything you think you didn't get a chance to say today, by all means please submit it to the clerk and we will make sure it gets included in the study as well.

We will suspend for a moment now as we switch out panels and start up for the last bit of our committee meeting.

• (1710) _____ (Pause) _____

• (1715)

The Chair: Welcome back.

We would now like to welcome our witnesses for the second hour.

We have Jennifer Silver, associate professor, University of Guelph, who is appearing as an individual.

Representing the Fisheries Council of Canada, of course, and no stranger to the committee, is Mr. Paul Lansbergen, president.

Representing the Nuu-chah-nulth Seafood Limited Partnership, we have Andrew Olson, chief executive officer.

You have exactly five minutes each for opening statements.

We will start with Ms. Silver, please.

Dr. Jennifer Silver (Associate Professor, University of Guelph, As an Individual): Thank you.

I'm really happy for the invitation to be here. Thank you for that.

The topic is timely and important. It relates to urgent questions that we've been hearing about already on who benefits from the culturally significant, nutritious and economically valuable fish in our exclusive economic zone.

I spoke to FOPO in 2019 about my west coast research. Today I'm going to give an overview of some relevant points from that work that do indeed point to concentration. I'm going to use the last couple of minutes to summarize some arguments from scholarly literature about why fisheries access and benefits ought to be systematically considered by state-led management systems, like the one we have in Canada.

With respect to the west coast research, the starting point—which is now a review at this point, as you heard from folks in the first session—is that fish harvesting operations can register and hold numerous licences and different types of quota. In turn, they can participate in a range of fisheries or earn revenue by leasing out some or all of their licences and quota to others. These licences and quota can get very expensive.

The research I have led counted all west coast licences registered in 2019—so within a single year—noting who held what and how many. Licence-holding and identification information came from a publicly available spreadsheet. My research is exclusively focused on publicly available information. The spreadsheet can be downloaded. It's very complicated. There are hundreds of thousands of lines in the spreadsheet, and many columns. We used a computer code to basically extract and match identifying information across licences and fisheries.

In 2019 we counted 6,563 licences registered by 2,377 unique holders. There were, indeed, a small number of holders—38, in fact—that had 20 or more licences, and six that had 50 or more. Together, these 38 holding entities—the individuals, companies and so on—controlled 26% of all west coast licences in 2019. There were 1,357 with one licence only and 499 with two licences only. These together accounted for 36% of all licences.

As you've now heard a number of times, in contrast to the Atlantic region policy, which defines and supports an inshore owner-operator fleet, no such distinction exists in the Pacific region. There are no limits on what a holding entity can hold, be they fishermen, processors, or speculative investors. Licence holdings, leasing arrangements and other types of economic arrangements do not get considered in the context of fisheries evaluation, and they're not considered against any type of socio-economic objective. In this sense, access and the distribution of benefits to Pacific fisheries are left to market forces.

In the last minute or two of my time, I want to relay fisheries science and marine policy research relevant to Canada, as well as other countries that have similar fisheries management systems. These points are pertinent beyond the Pacific region and in the contemplation of foreign and speculative investment.

The first point is that foreign financing and ownership shape industrial fisheries and seafood value chains. In 2016, a meta-study was published that documented the disproportionate size and international reach of a small handful of private transnational corporations. They estimated that 13 transnationals controlled 11% to 13% of all marine catch and 19% to 40% of catch from the largest and most valuable stocks. These firms owned and operated subsidiaries. About six of the transnationals owned 100 or more subsidiaries. The authors of this study observed that the firms are large and powerful. Their business activities usually encompass numerous nodes across seafood value chains, and they frequently pursue "strategic mergers with major market or quota holders via direct acquisitions".

To conclude, the second message from the literature is optimistic. Fisheries science tells us it is entirely possible to rebuild fish stock such that year-after-year yields stabilize and grow. The science-based benchmarking approach plays a critical role. The 2019 amendments to the federal Fisheries Act helped to make the rebuilding, monitoring and benchmarking that's built into DFO's integrated fisheries management plan framework.

This committee knows that rebuilding fish stocks requires a lot of work. It's intensive and expensive. Indigenous and non-indigenous communities throughout coastal Canada have put and continue to put their hands up to lead, support and invest in this work, especially in the work of supporting ecosystem health and function.

The federal government also plays a leadership role through funding, science and the costs of management. We as a country are investing and will continue to invest in fisheries rebuilding. This is the right course of action. Science tells us that investment pays off for ecosystems, people and pocketbooks. The question of this study is, whose pocketbooks?

- (1720)

That question is still an open policy question. For this reason, access and benefits must be seen to be squarely under the purview of fisheries management policy and not left entirely to market forces.

The Chair: Thank you.

We'll work our way across the table now and go to Mr. Lansbergen for five minutes or less, please.

Mr. Paul Lansbergen (President, Fisheries Council of Canada): Good afternoon. Thank you, committee, for the invitation to appear before you today.

As many of you know, the Fisheries Council of Canada is the national association representing wild-capture processors across the country and all of our members' harvest as well.

FCC members are all privately owned. Most are family-owned and family-operated, some for multiple generations. Some are indigenous community-owned and operated, and many of these have specific mandates to invest back into their communities. A few members are processor companies or co-ops owned by a group of independent inshore harvesters.

All of our companies care about their employees, their partners and their communities. They are responsible stewards of our resources, and collectively we promote a healthy resource and a prosperous industry.

I should note that even our largest companies are relatively small compared to global competitors.

On the whole, I would say that we should be celebrating the successes of our entrepreneurs, who have worked hard to build their businesses and have been able to grow from owning one fish plant to two and then to three or more.

The same goes for those who have been successful enough to expand beyond one vessel. Being successful and contributing back to one's community should be celebrated and not seen as a negative outcome.

As a small open economy, Canada has always struggled with industrial policy to support growth of Canadian companies and entrepreneurs. This is very difficult, and market forces are much more dynamic than the speed at which government policy tends to move.

I should note that in fisheries the supply chain is much more integrated than what appears from government policy on paper. In many ways, the success of processors depends on the success of harvesters and vice versa.

Mr. Chair, as the committee knows, DFO is conducting a beneficial ownership survey, and earlier this week DFO reported preliminary results for Atlantic Canada: Some 98% of licences are domestically owned. I suspect the eventual result in B.C. won't be vastly different. I look forward to the full results to add more evidence to this discussion.

I would like to make some comments about foreign investment, in part to differentiate it from foreign ownership.

The seafood sector, as many of you know, is a tough business. For those outside the industry, it's difficult to understand the sector, and this also goes for financial institutions. As such, our sector can be underappreciated by lending institutions, which can lead companies to solicit funds outside of our chartered banks, possibly at higher rates.

Foreign financial institutions that understand the sector can be an attractive option for companies making large investments. An example would be Icelandic banks interested in lending to Canadian companies. I don't see this necessarily as a negative thing.

We certainly aren't the only sector in Canada that has to look outside our borders for financial capital, and we need to continue to invest, to compete and to meet customer expectations.

The other element of this study is corporate concentration. The Competition Bureau uses the four-firm concentration ratio: If the top four firms have less than 65% of the relevant market, the bureau is generally not concerned. Even beyond this threshold, other factors are considered before making a judgment on market power.

Besides the threshold number, the other key to this ratio is the definition of "relevant market". Seafood is the most globally traded food commodity. I would argue that the relevant market is not a town, a country, a province, a region, or even Canada as a whole. It would be tough to argue perhaps that even North America is a relevant market for most Canadian fisheries. We export to upwards of 130 countries annually. Our imports for the domestic market come from as many as 150 countries.

With all due respect, and not to diminish the importance of this study, I have to admit that I am preoccupied by other challenges. I'm focusing on how DFO addresses gaps in fishery science and its implications on fisheries management decisions and broader policy work. I'm focusing on ensuring our sector is meaningfully consulted on marine conservation. I'm focusing on how to ensure indigenous reconciliation is based on voluntary relinquishment of commercial licences. These are the key issues affecting the prosperity and the future of our sector and my members.

I thank you for your attention and I look forward to your questions.

- (1725)

The Chair: Thank you.

We'll now go to Mr. Olson, please, for five minutes or less.

Mr. Andrew Olson (Chief Executive Officer, Nuu-chah-nulth Seafood Limited Partnership): Thanks.

My name is Andy Olson. I'm the CEO of Nuu-chah-nulth Seafood. We're a commercial fishing enterprise that is owned wholly by five first nations on the west coast of Vancouver Island. We're part of the PICFI program. Our company also owns St. Jean's Cannery in Nanaimo.

I'll begin by speaking about foreign ownership and corporate control in the Pacific region.

There's a real concern with foreign ownership and corporate control in the fisheries resources of Canada. It impacts the cost of reconciliation. The risk to Canada and its citizens is significant, from the loss of opportunity and benefits for indigenous, rural and coastal communities to the impacts on the cost to re-enter and buy back licences and quota access.

The next steps to me are evident, and that's protecting Canada's fisheries resources as strategic assets. The work has already begun with Canada's rare mineral resources, and fisheries should begin immediately. This type of complete government review and process will begin to unravel the damage from the last 150 years of business as usual.

Indigenous, rural and coastal communities are the backbone of Canada's coast, and without benefits from local resources and work opportunities remaining in their areas, they can't survive. Without these coastal and rural communities, who's going to monitor the vast areas, the border and contentious food security issues? If we continue down this path, Canada will be buying back its own seafood from people who control it in corporate offices or foreign countries.

The cost of reconciliation isn't going to stop growing while resources like licences and quotas are being sold into an uncontrolled market that allows for foreign ownership, corporate concentration and investor speculation. Unfettered access to licences and quotas for sale to foreign owners wasn't allowed in the past, and until about 20 years ago, the majority of the directors of a company owning fishing licences had to have been Canadian citizens. This restriction has been dropped entirely.

Foreign investment is one thing; control of Canadian resources by a foreign and unknown organization is another, and very concerning. The recent licence and quota ownership survey was a complete failure at anything but pointing out that Canada knows nothing about who owns or controls licences in the Pacific region.

Corporate concentration, foreign ownership and investor speculation don't end with licences and quotas but now extend into the primary production and processing side. This means they control the ice, dock unloading, cold storage, processing and distribution networks. Harvesters should be partners and share the benefits, rather than taking most of the risks and much less of the rewards.

Right now, with the control of licences, the control of the shore equipment, and in some cases control of the fishing vessels, harvesters are left in the middle, with a smaller share of the revenue. The few companies left are almost all owned in part or owned wholly by large corporations or foreign investors. They work with licence and quota holders, owners and investors, and do so to add a layer of cost, with high lease rates making it harder for fishers to make a living.

In some dive fisheries, if you aren't working with select buyers, it can be difficult if not impossible to get your products hauled to market by one of the few trucking companies that carry live seafood. Last summer, I heard of fishers who couldn't get ice and fuel because they weren't working with the few companies that were buying large volumes of salmon.

When companies make harvesters beholden to them with aggressive and sometimes unfair practices, it makes it more challenging for them to survive. When large companies with vast amounts of licences and quotas don't work with indigenous, local and rural coastal communities but instead send resources to metropolitan areas or even in some cases to other countries for processing, the benefits are lost to Canada, other than to the few shareholders who benefit and can afford to invest.

Canada needs to move fisheries into a strategic asset program and protect them for future Canadians. Indigenous and non-indigenous coastal and rural communities need this work to begin immediately so that we don't lose what's left and can begin to rebuild what is gone. Programs like the Blue Economy, PICFI, NICFI, AICFI and the Ocean Supercluster should be growing the whole Canadian economy and supporting locally-owned, indigenous-owned and coastal community businesses and people.

• (1730)

As programs like AICFI, NICFI and PICFI are trying to support indigenous people engaging in commercial fisheries, they are forced to compete with foreign interests and investor speculation while spending Canadian taxpayers' money. As funds are committed to the budgets, the prices continue to rise, outpacing the funding and leaving indigenous groups behind. They are left to find ways to bridge the gap.

Wouldn't it be a disaster for Canada to find out, in the not-too-distant future, that a large portion of its food and fisheries resources are owned by another nation or a foreign-controlled company? I don't think we want to see that happen.

The Chair: Thank you for that.

We'll now go to our first round of questioning. We have Mr. Small for four minutes or less.

Mr. Clifford Small: Thank you, Mr. Chair.

My question is for Mr. Olson.

You finished off by mentioning food security. That's interesting. Ultimately, what could the worst result be, in terms of national food security, if more foreign ownership occurs?

Mr. Andrew Olson: There's a reason that they want to control access to the food. It's because they know they need food in other places. They want to control it so they can be assured that they're

going to have future access and control of those resources one way or another. Through the harvest, the processing or through value-adding, whatever it takes, they're going to control every piece of that action.

The problem is that we are the ones left beholden to those organizations and we don't even know who owns them. We don't know where they're owned, who owns them or where the fish is going. In many cases, the fish goes to other countries to be processed; then it's brought back here to be sold. We don't know whether it's the same fish. There are counterfeiting issues.

There are all kinds of concerns.

• (1735)

Mr. Clifford Small: Mr. Olson, do you still have a percentage of independent owner-operators in B.C.?

Mr. Andrew Olson: I'd say a very small percentage is still owner-operator.

One challenge we're up against is that fishermen, rather than retire and sell their licences.... That licence itself has enabled them to stay on as, essentially, a landlord. They become a landlord rather than an active fisherman and they derive revenue from a piece of paper they had the opportunity to buy because they had the capital at the time it was for sale. The fisherman doesn't have that access.

Mr. Clifford Small: Mr. Olson, are they able to shop their fish around in a competitive nature or not?

Mr. Andrew Olson: Well, fishers who are buying or leasing their access through companies are often either leasing.... They may come to me to lease a licence from my PICFI CFE, for example, and then go to the fishing company to borrow the money. That company then controls the fish. That company is going to tell that fisherman how much they're going to pay for that fish at the end of the day. They may or may not control the licence, one way or the other, but they're going to control the price in that way. The fishermen are beholden to them because they have to get the money to get the licence.

An owner-operator owns his licence. He pays the licence fees to Canada and goes fishing. When a lessor—Kyle, for example—leases a licence, that lease cost is borne by everyone on that vessel. The owner of the vessel, who owns the licence, is now spreading that cost to his crew. All of the crew have to absorb those costs now, while before they didn't. An owner-operator wouldn't have that cost, and it wouldn't be a vessel expense. It would be an individual expense.

Mr. Clifford Small: If this corporate concentration exists the way you speak of it, what would the solution be? It seems like a complicated outfit.

Mr. Andrew Olson: It's going to take some complex work.

One thing you need to think about is this: A licence is an opportunity to go fishing. We can look at it as an opportunity to go fishing, which is what it should be. It's like a driver's licence. You get a driver's licence and you get to go drive your car, because you've taken the test and paid the fee.

Licences in the Pacific region have become a physical asset, just like real estate. That's why you've seen the same thing happen in real estate speculation, with investors bringing in foreign dollars that may or may not be based in real business. There's foreign and investor speculation through money that's being laundered.

It's a complex thing, but it needs to be dealt with sooner rather than later. If it continues, it's just going to get worse.

The Chair: Thank you, Mr. Small.

We'll now go to Mr. Kelloway for four minutes or less.

Mr. Mike Kelloway (Cape Breton—Canso, Lib.): Thanks, Mr. Chair.

It's great to see the three of you here in our last panel. It's been very informative.

We talked about owner-operators on this panel and the previous panel and how important they are to the east coast. In fact, it's enshrined in law. It's a massive move forward in terms of communities and community wealth, and it will constantly need to be improved upon.

Something really tweaked me. I believe it was you, Mr. Olson. I think you might have referred to it as well, Dr. Silver. You talked about foreign concentration. I come from an island where, in the first part of the 20th century, in the first five decades, one company owned an enormous number of mines, and they were called "the company". The company also had the company stores that were owned by the company. The homes where the workers lived were called "company homes". That wasn't too long ago in terms of the concentration of corporate wealth and how things consolidate and how choices are few, in particular for people who work in the mining industry.

It got me thinking about B.C. I don't want to say there are absolutely 1,000% comparisons here, but it got me thinking, Dr. Silver, on a couple of things in your work. You talked about the research you've done, and I'm curious. Have you done any modelling with respect to owner-operators in B.C.? If they were to have a more robust presence in B.C., what would that mean in terms of the supply chain money staying in communities and money staying with local fishers and local entrepreneurs?

Is there any data you could share or at least pontificate on if we were to look at that model? I can't give the parameters if we switch to 50% or 75% or 30%, but I'm curious because I would suspect that a profound number would be attached for local communities where we're consistently talking about rural economic strategies and coastal economic strategies. To me, the heart of those rural economic strategies is keeping money in the community.

• (1740)

Dr. Jennifer Silver: Thanks.

I appreciate your intro. It sounds like you're from Cape Breton.

Mr. Mike Kelloway: What gave it away?

An hon. member: Don't brag.

Mr. Mike Kelloway: No, I don't brag.

Dr. Jennifer Silver: I'm a born and raised Nova Scotian.

I know that Ms. Sutcliffe from the first round has done some work to look at the sort of multiplier—

Mr. Mike Kelloway: She's also going to send me some information.

Dr. Jennifer Silver: Yes, I bet she will.

I think what you're talking about is the sort of multiplier effect if we... In short, I don't have specific numbers for you, but the way I would approach this question is to say that lots of coastal history and fisheries history in B.C. tell us that communities up and down the coast were once thriving and had lots of active vessels tied up on the dock and small or medium-sized processing plants that were running many months of the year. People needed to get their nets fixed and people needed to get their engines serviced for their vessels. That's evidence to show us how once, when the structure of the fishery was different than it is today, there were thriving businesses associated with the fishery that were well beyond the harvesters themselves and kept those communities active and busy.

Lots of different communities up and down the coast, like Prince Rupert and Ucluelet, are visibly not the same as they once were. To help illustrate what I know Tasha will send you, that's how I'd answer that question.

The Chair: Thank you, Mr. Kelloway. You were a couple of seconds over.

We'll now go to Madame Desbiens for four minutes or less, please.

[Translation]

Mrs. Caroline Desbiens: Thank you, Mr. Chair.

Mr. Lansbergen, a little earlier you said that you were more concerned about protecting the resource and about problems to do with certain resources.

According to the testimony we are hearing, there is a trend toward vertical exploitation, with competition ensuring a fair price. Yet we're sensing that competition is crumbling at the hands of a few companies which are taking advantage of this strategy.

When it comes to protecting the fish, don't you think that all of this becomes even more problematic, because you have less power over the people who are harvesting the fish?

[English]

Mr. Paul Lansbergen: I think there are a couple of elements here.

I think we need more data on how much concentration there is, and also on the behaviour we see from companies in the sector. If we're responsible stewards, then the resource will be there and it will be sustainable for future generations. Canada is second in the world in terms of third party certification of sustainable fisheries management practices by the industry, so I'm not too worried about that.

As I said, we need more data to better inform some of these questions.

[Translation]

Mrs. Caroline Desbiens: Thank you.

Ms. Silver, I'd like to hear your thoughts on an idea that might be promising.

Do you think it would be a good idea if the fishery were considered a natural resource by the Competition Bureau, as are timber, minerals and fossil fuels? Could the Competition Bureau play an important role if the fishery was part of its mandate?

• (1745)

[English]

Dr. Jennifer Silver: That's an interesting question.

Fisheries are a public resource to be managed to the benefit of Canadians. In preparation for today, I dug up the way that a country like New Zealand looks at this. They have very valuable fisheries resources. They actually have an overseas investment office, in addition to a fisheries minister, looking at any foreign interest that wants to buy quota or become partial owners of fishing entities and processing entities.

I'll just quote something to you. This is a briefing document produced by the U.S. State Department. This

[investment oversight] legislation, together with the Fisheries Act [in New Zealand], requires consent from the relevant Ministers in order for an overseas person to obtain an interest in a fishing quota, or an interest of 25 percent or more in a business that owns or controls a fishing quota.

I don't think anybody is arguing that there should be no foreign investment, no element of foreign ownership in the fisheries. As a researcher, I find that it's just not as transparent as one might want, even to be able to come to a committee like this and answer questions and bring evidence.

We know that other countries that have valuable fisheries resources treat them as strategic resources, because they're valuable. There are also these questions related to food sovereignty and that sort of stuff that come up as well.

I think there are lessons to be learned from legislation and approaches in other countries that see fisheries as a public resource more than as a strategic one

The Chair: Thank you, Madame Desbiens. That's exactly your four minutes, gone just like that.

We'll now go to Ms. Barron for four minutes or less.

Go ahead, please.

Ms. Lisa Marie Barron: Thank you, Mr. Chair.

Welcome to the witnesses—Dr. Silver, Mr. Lansbergen and Mr. Olson. My first question is for Mr. Olson.

Mr. Olson, first, thank you for all the work you do through Nuuchah-nulth Seafood and the St. Jean's Cannery. It's nice to see you in Ottawa while I'm in Nanaimo right now.

We heard from the Coastal First Nations. In a letter to DFO, they wrote about how corporate and investor concentration and growing offshore ownership of licences and quota are driving up prices and the way that this licence concentration and offshore ownership are threatening west coast fisheries and directly impeding the important process of reconciliation with indigenous people and their ability to access fisheries.

I'm wondering if you can share a little bit around some of those thoughts we've been hearing from others.

Mr. Andrew Olson: As part of an organization that's based on owning and managing licences and quota for fishermen to participate in the fishing business, I try to buy or access more licences and quota for our company so more fishermen can participate in the fishing business. I can't buy licences and quota in the current market without a subsidy from the federal government in the form of a grant that offsets the cost. Otherwise, the return on the investment doesn't make sense for my directors and I can't take it to them as a viable business investment.

It doesn't make sense, and that's the situation that groups like the Coastal First Nations are in, because they're not getting that grant. This is the money they've been given. They have a limited amount to spend, and that's what they're using, and the budget of the licences continues to increase from the time the agreement is signed until they're out on the market to buy the licences. Some of these things have gone up by 100% to 150%. How will they be able to compete with money that may or may not be real?

I think that's one of the things we need to keep in mind here. The speculation is just like what you see in the Vancouver real estate market, and we know that this money is not real.

Ms. Lisa Marie Barron: Thank you, Mr. Olson.

To clarify, the letter I was referencing was addressed to Minister Joyce Murray.

My next question is to Dr. Silver.

We heard just now from Mr. Lansbergen—and we've heard from many others—something that we're all aware of, which is the need for more information and more data. I'm wondering if you can elaborate a bit on some of these thoughts and on the importance—or if you feel it is important—for us to have a public and transparent registry that clearly articulates who owns the licences and so on.

• (1750)

Dr. Jennifer Silver: Thank you for the question.

There are a few reasons I would advocate that policy. The first is that as a researcher and someone who occasionally gets called to speak with folks like you, I would like to be able—independent from parliamentary proceedings and from DFO—to bring data and evidence that answers in specific ways, and beyond the single year that I've been able to look at, the research patterns that we can see in ownership and how licences and quotas are being used. There's the research piece and being able to bring evidence into the conversation.

In fisheries management and in its work, DFO wants to make decisions about all sorts of things based on evidence. It makes decisions about total allowable catch per year based on biological and ecological data, and it evaluates year after year the fisheries and the health of the stocks based on that data.

It would be wonderful in parallel to have data against which social, economic and cultural considerations can get assessed and evaluated. It would allow for a more systematic consideration of socio-economic and cultural aspects of the fisheries if this sort of information were available.

The Chair: Thank you, Ms. Barron.

We'll now go to Mr. Arnold for four minutes or less.

Mr. Mel Arnold: Thank you, Mr. Chair.

Thank you to the witnesses again.

I'll start with Dr. Silver.

Dr. Silver, you mentioned that there are 38 access-rich portfolios in B.C. with 20 or more licences, and six of those have 50 or more.

Would you be able to provide the committee with a summary of those access-rich portfolios? It would be very beneficial to this committee.

Dr. Jennifer Silver: Yes, I can do that. In fact....

The short answer is yes, because I don't want to take up any more of your time.

Mr. Mel Arnold: Thank you.

Do you have any idea why it is so complicated to try to sort out who owns what in the work that you had to go through? You basically had to create software systems in order to sift through the data.

Why would the department that is responsible for this not have a better tracking system?

Dr. Jennifer Silver: I think the answer is that ownership information is complicated. There's the licence holder and the licence operator. In some fisheries, the licence is allocated to a vessel. We have the quota that may then be fished on the licence.

These are all fisheries that are managed quite separately. There's an integrated fisheries management plan for salmon. There's an integrated fisheries management plan for herring. For each, there are different groups of folks who are responsible for those plans. Bureaucratically, it's very complicated.

I don't know what the internal systems look like for them. When a licence is registered for the year, you'd like to think there's some way to design a system—I think they are working on this, based on testimony I heard from Monday—so that when a licence is registered each year, it feeds into a database that automatically populates. It's expensive to do that. We need good software engineers. Other jurisdictions do that type of thing.

Mr. Mel Arnold: Thank you.

I'll go to Mr. Lansbergen now.

Mr. Lansbergen, can you provide any information on the effects of the fish stock assessments, and so on, on the value of licences? Healthy stocks lead to a higher value of licences and lower stocks lead to lower prices. Can you provide anything on that?

Mr. Paul Lansbergen: I don't have any data to provide on that in particular. The description you gave makes sense to me. The more abundant a particular fish stock is, the more stable the future revenue potential would be, and therefore there would be a greater value of access to that stock.

Mr. Mel Arnold: Good. Thank you.

Mr. Olson, it seems that there's a desire for more access for the people you represent. Is that the case? Do you have individuals wanting to get into the industry? We've heard anecdotal reports of some communities having a hard time finding young people who want to enter the sector. Can you provide any information on that?

● (1755)

Mr. Andrew Olson: In the communities that I work for, many of them have lots of young people who are interested in engaging in the fishing business and the community fishing enterprises. One of the challenges is the cost of the vessel.

There's also opportunity and the fact that they need to learn and relearn some of these skills, just like they do on the east coast, where they're re-engaging and participating in commercial fisheries. They have done it on a smaller scale locally.

One of the shifts that's happening is the shifting toward more community-based fishing for indigenous people and to the smaller scale, with smaller vessels and multiple species. We've been involved in some of that. In one of the communities I work for, Port Alberni, they have hundreds of fishermen in their community who are from age 15 to 90. They're participating in owner-operator fishing. The nation has the licence access and the community members benefit wholly from the opportunity. The nation doesn't get any revenue from the fishery.

As an example, to Mike's earlier question, you have fishermen in that community who are going to generate \$800,000 in a chinook opening in one night in August. That \$800,000 is then going to turn into almost \$8 million to that community, because those people are going to spend that money around and around and around in that community. They spend it all there. They don't take it somewhere else. They don't live in Vancouver. They live in Port Alberni, a community of 25,000 people, where a shot of \$8 million into that economy's arm in one night makes a huge difference.

In those communities, the mayors and all the people understand the wealth that stays there from those fishermen. Those small-scale opportunities are what we need to build on here. That's what we're fighting for here. It's for those fishermen to have an opportunity to keep that money and grow the economy where they live.

The Chair: Thank you, Mr. Arnold. You went a bit over.

We'll now go to Mr. Hardie to close us out, please.

Mr. Ken Hardie: I was not expecting to be back at it, but I can certainly ask a question here.

Mr. Olson, we also hear that some bands have access to licences and quota, but they'll turn around and lease them out, just like some of the other operators we've been talking about. Should that also be addressed, or would that be a big hit to their revenue, basically, as a band?

Mr. Andrew Olson: That's a complicated situation. That's a situation that I find myself in, as a person who runs a business that is based on leasing licences to fishermen to drive revenue into an economy for first nations for their bottom line. That's the challenge that I'm up against—providing opportunities for those fishermen who don't own licences and can't afford to buy one. They have to lease them. That's the only way they have an opportunity to participate in the fishing business. They can't afford to buy an \$800,000 licence. The return on investment doesn't make sense.

The challenge that—

Mr. Ken Hardie: If I could, Mr. Olson, I have one more question for Ms. Silver.

The 2019 report, “Sharing Risks and Benefits”, had a lot of recommendations. Have you been able to pick the ones that would actually make the most sense and have the most beneficial impact?

Dr. Jennifer Silver: You're stretching the limits of my memory. I mean, we've spoken about the transparency piece and how if DFO made licence holdings searchable, it would make a big difference with respect to transparency and being able to understand and monitor the issue.

I will have to stop there. I don't have the report in front of me and I'm blanking on the recommendations in the report.

Mr. Ken Hardie: That's not a problem. Maybe you could submit something that would give us a bit of a direction.

Dr. Jennifer Silver: Sure.

Mr. Ken Hardie: Thank you, Mr. Chair. I think we're out of time now, aren't we?

The Chair: Thank you, Mr. Hardie. We're right on the button for six o'clock, where we have a dead stop.

Of course, I want to thank Dr. Silver, Mr. Lansbergen and Mr. Olson for appearing before our committee today and sharing their valuable information with the committee as we do this report.

I will remind members that next week we will continue receiving testimony from witnesses for this particular study.

I want to thank Mr. Waugh for subbing in for Mr. Bragdon on his exit and thank him for lifting the level of intelligence on that side of the table with the change-out.

Thank you to all the staff for making this meeting possible today. Enjoy your weekend.

The meeting is adjourned.

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