

No Blue Economy Without Fisheries....

No Fisheries without Fish Harvesters

**Submission to Fisheries and Oceans Canada
Blue Economy Strategy Consultations**

From the

Fisheries for Communities Coalition

June 14th, 2021

1. Executive Summary & Recommendations

A blue economy is being adopted by many countries as a vision of sustainable development in coastal regions; where marine and ocean-based industries align with ecological, social equity, and economic growth objectives.

Fisheries and Oceans Canada (DFO) is currently undertaking intensive consultations on a Canadian Blue Economy Strategy, including the role and contribution of fisheries within. In response, this brief by the Fisheries for Communities Coalition addresses the current state of the commercial fishing industry, focusing on British Columbia, and the ways in which the Blue Economy Strategy can and should support the industry.

The brief begins by identifying the sharp contrast between DFO policy objectives for Canada's East and West Coast fisheries. On the East Coast, recent DFO legislative and regulatory changes have made the protection and long-term viability of independent, owner-operator fishing enterprises, and the retention of control over fisheries access rights within adjacent coastal communities, the federal government's highest priorities for fisheries. In British Columbia, DFO remains committed to a laissez-faire policy approach with an open market for ownership and control of fishing licenses and quotas, and enables corporate consolidation, vertical integration, and the expanding penetration of non-harvester investors into the industry. In consequence, British Columbia has seen a dramatic loss of harvester and community control over fishing access rights and sharp declines in the social, cultural, and economic benefits derived from those rights. These trends have, in turn, deprived First Nations and BC harvesters and their communities of access to equitable shares of the wealth produced from adjacent ocean waters.

Evidence is presented herein to support the view that the DFO policy system now in place for East Coast fisheries is consistent with the broader ecological, social and economic objectives of the blue economy, while DFO West Coast policies are generating outcomes that are counterproductive and antithetical to those objectives. Economic evidence and insights from the policy literature, including major DFO reports, are provided to support this perspective.

The brief concludes by calling DFO to undertake an intensive policy development and implementation process under its Blue Economy Strategy to bring Pacific Region licencing and fisheries management policies and practices into greater alignment with the wider blue economy vision for sustainable and equitable economic development. More concretely, this would mean the return of primary control over, and benefit from, fishing access to independent owner-operator enterprises, First Nations, and coastal communities adjacent to fisheries resources.

Specifically, to realize these objectives Fisheries for Communities recommends that the Blue Economy Strategy include the development of a BC fisheries licencing policy that transitions the ownership of licences and quota to bona fide BC fish harvesters and First Nations. The Blue Economy Strategy for the commercial fishery in British Columbia should include the following directions to the Minister of Fisheries, Oceans, and the Canadian Coast Guard:

1. By 2022, develop and commit to implementing a new policy framework that requires that BC licenses and quota can only be owned by bona fide fish harvesters and First Nations, with the following milestones:
 - a) By December 2021, require that there be no further sales of BC licences and quota to non-Canadian beneficial owners,
 - b) By 2022, implement the voluntary owner/operator designation as proposed by the UFAWU.
 - c) By 2025, all licences and quota shall only be owned by bona fide fish harvesters or First Nations.
2. Establish an independently led, inclusive, and transparent engagement process for development and implementation of this policy paying close attention to the advice on process provided by the FOPO Report 21 West Coast Fisheries: Sharing Risks and Benefits.
3. Develop and implement a strategy with pathways and transition mechanisms for the establishment of made-in-BC policies, that will ensure ownership of licenses and quotas are held by bona fide BC fish harvesters and First Nations. Many of these are outlined in the FOPO report, including:
 - a) Transparent tracking of beneficial ownership,
 - b) Transparent tracking of socio-economic data on fisheries,
 - c) Financial Incentives for independent ownership of licences,
 - d) Investment in infrastructure and strategies to recapture values from processing and ancillary services in adjacent communities,
 - e) Strategic development of labour force renewal, and
 - f) Following the federal licencing policy change, provision of business support and financing programs that support the affordable transition of ownership to independent fish harvesters and First Nations.
4. The implementation framework must also provide transitional supports and fair compensation for specific groups whose interests may be unfairly compromised by such changes.

The Fisheries for Communities Network

Formed in 2017, Fisheries for Communities is a voluntary network of Indigenous and non-Indigenous fish harvesters, small business owner-operators, fishmongers, chefs and restaurateurs, community leaders, environmental activists, academics, policy experts, and concerned citizens. We have come together to ensure the control over British Columbia's commercial fisheries is firmly held by harvesters, First Nations, and rural coastal communities for the long term. We want to see the associated social, cultural, ecological, and economic benefits flow through independent harvesters and their families, First Nations, rural coastal communities, and the province at large. We aim to strengthen the long-standing place based connections with the sea, by returning the benefits of seafood harvests to those harvesting the resource and their communities, and by helping to rebuild capacities for local management and stewardship of the marine environment to ensure ecological resilience of the resource for generations to come. More information on Fisheries for Communities can be found at <https://www.fisheriesforcommunities.org/>

2. Blue Economy Strategy and Commercial Fisheries

The Blue Economy Strategy (BES) Engagement Paper from Fisheries and Oceans Canada (DFO) begins by quoting the World Bank's definition of a blue economy as "the sustainable use of ocean resources for economic growth, improved livelihoods and jobs, and ocean health".¹

The BES paper goes on to emphasize that, along with sustainable resource use and contributions to national GDP, the strategy will aim at ongoing improvements in employment and wealth generation for Indigenous and non-Indigenous communities in coastal regions.

*Canada's Blue Economy is an important part of regional economies and the broader national economy. Our ocean sectors have the potential to drive sustainable economic growth and support the creation of more jobs in coastal and Indigenous communities while advancing innovation.*²

Furthermore, the paper sets out three principal ways the Blue Economy Strategy can help generate greater prosperity and inclusion in Canada's ocean sectors:³

- Advancing the participation of Indigenous peoples.
- Developing the necessary labour force and skills.
- Identifying barriers to inclusive growth.

¹ DFO, *Blue Economy Strategy Engagement Paper*, February 2021, p. 4.

² *Ibid*, p. 5.

³ *Ibid*, p. 9.

These concrete socio-economic growth objectives are reflected again in Fisheries and Oceans Minister Jordan's current mandate letter from the Prime Minister which directs the Minister to:

*Continue to lead efforts to develop a comprehensive Blue Economy Strategy aligned with Canada's economic recovery and focused on growing Canada's ocean economy to create good middle-class jobs and opportunities for ocean sectors and coastal communities, while advancing reconciliation and conservation objectives.*⁴

Traditional economic growth strategies put high priority on improving economic efficiency and productivity through corporate concentration and vertical integration as key drivers for capital investment, innovation, and "ocean-to-plate" market development. There is, however, increasing doubt and debate about how well this capital-intensive, large-scale production model works in an industry that relies on naturally fluctuating wild fish populations and vulnerable marine ecosystems. The fishery is also distinctive in that it provides good middle-class jobs in remote rural and First Nations coastal communities, drawing many entrepreneurial leaders from those communities as well. Communities that depend on local access to and control over access rights for adjacent marine resources to maintain their economic and social viability.

How can these BES objectives be advanced in the commercial fishery?

DFO provides an unequivocal and compelling response to this question in its announcement of changes to the Atlantic Fisheries Regulations and the Maritime Provinces Fishery Regulations. The statement first affirms the DFO Minister's clear authority to consider economic, social and cultural objectives when making fisheries management and licensing policy decisions.⁵

Fisheries are a public resource that belongs to all Canadians. The Minister [...] has the mandate to conserve and protect the fisheries resource and to properly manage fisheries on behalf of all Canadians and in the public interest. In managing fisheries, the Minister may take into account social, economic, or other grounds in order to carry out social, cultural, or economic goals and policies. A key tool at the Minister's disposal to manage fisheries is the licensing system.

It then sets out the following economic and social rationale for giving the owner-operator and fleet separation policies and the *Preserving the Independence of*

⁴ Minister of Fisheries, Oceans and the Canadian Coast Guard Supplementary Mandate Letter, January 15, 2021

⁵ Background section, Canada Gazette, Part II, Volume 154, Number 25: Regulations Amending the Atlantic Fisheries Regulations, 1985 and the Maritime Provinces Fishery Regulations: November 2020. <<https://gazette.gc.ca/rp-pr/p2/2020/2020-12-09/html/sor-dors246-eng.html>>

the Inshore Fleet in Canada's Atlantic Fisheries (PIIFCAF) policy the force of law by putting them into regulations:

Fishing remains one of the main industries in rural coastal Eastern Canada generating about \$1.7 billion in landed value (inshore fleets only) in 2017 and supporting many fisheries-dependent communities. In Atlantic Canada and Quebec, the fishing industry employs more than 59 000 fish harvesters and processing workers. The Government of Canada's policy objective is for this wealth to remain in the hands of those individuals that actively fish and for the wealth accumulated to be reinvested and spent in coastal communities, rather than have it concentrated in the hands of a few, wealthy corporations in larger urban centres.

Progressive fisheries policies that prevent vertical integration between the fishing and processing sectors and that prevent the concentration of licences in the hands of a few corporations or individuals have been pivotal in the maintenance of the wealth distribution across the region and small communities. Without these policies, wealth from fishing licences would be concentrated in the hands of ineligible third parties resulting in fewer or lower paying fishing jobs available in rural coastal areas and a decrease of economic benefits being maintained in the coastal communities.

We quote this at length because it defines in clear and concrete terms the Government of Canada's policy on the contributions of commercial fisheries to Canada's blue economy on the Atlantic coast. Beyond GDP growth, productivity gains and returns to capital, the success of the BES will be measured in terms of employment, worker incomes, and the viability of coastal communities.

Other DFO policy statements make clear that advancing reconciliation with First Nations through expanded access to fisheries as a source of employment incomes, wealth creation and community stabilization should also be integral to the BES. The recently revised Fisheries Act (Bill C-68) includes amendments to require that "when making a decision under that Act, the Minister shall consider any adverse effects that the decision may have on the rights of the Indigenous peoples of Canada".⁶ Additionally, the comprehensive DFO Reconciliation Strategy document sets out three long-term objectives for the Department's service to First Nations across Canada, the third of which is to reduce socio-economic gaps.⁷

Fisheries are undoubtedly essential to our coastal economies, coastal community livability and well-being, as well as our national food security in an increasingly food insecure world. The question we pose here is whether these same DFO commitments to managing fisheries to achieve social, economic and

⁶ Bill C-68, *An Act to amend the Fisheries Act and other Acts in consequence*, Clause 2.4.
<www.parl.ca/DocumentViewer/en/42-1/bill/c-68/royal-assent>

⁷ <www.dfo-mpo.gc.ca/fisheries-peches/aboriginal-autochtones/reconciliation-eng.html>

cultural advances along with resource sustainability will shape the Blue Economy Strategy as it applies to commercial fisheries on Canada’s Pacific Coast. More simply, “what will need to be done to arrive at a consistent and fully integrated national BES approach appropriate to the unique nature of commercial fisheries on all three oceans”?

3. Current DFO Policy in Pacific Region

DFO fisheries policies and its licensing system in British Columbia evolved from much the same starting points in the 1970s as on Canada’s East Coast, but policy measures and their practical applications have diverged radically in recent decades. The resulting differences are discussed in a May 2020 report produced by Pacific Region DFO entitled *Overview of Socio-Economic Concerns in Pacific Region Fisheries and Related Regulations, Policies & Practices*. The report describes three key factors that are more or less unique to the West Coast industry:

- In all fleets fish processing companies can own licenses and quotas and fish them with their own vessels or lease them out to other vessel operators.
- Harvesting owner-operators can “stack” licenses on their vessels, lease out licenses and quota to other harvesters, or retire from active fishing and lease out their licenses and quota indefinitely as a source of rentier income.
- The relatively open market for license ownership, and the lack of rigorous information gathering on ownership, allows significant proportion of licenses and fish quotas to be owned or controlled by non-fisheries-based investors including foreign interests.

With quite dated information from 2013, the DFO report provides the following breakdown in the ownership of the approximately 7,800 commercial fishing licences in Pacific Region:

Owner Category	Approx. Number	Percent
DFO Inventory ⁸	546	7%
Processing Companies	546	7%
Aboriginal Individuals	702	9%
Aboriginal Bands	936	12%
Organizations (incl. Aboriginal organizations)	2,418	31%
Individuals	2,652	34%

⁸ DFO inventory refers to fishing licences held by the department to be allocated to First Nations.

This is not, however, a complete picture because DFO information does not tell us how many of the “individuals” owning licences are active fish harvesters as distinct from retirees and outside investors. Further, because many licences are vessel-based and not party-based, and DFO does not track licence ownership other than the owner of the vessel it is attached to, it is not possible to know if a harvester is the actual beneficial owner of a licence they are fishing or if they are leasing it and attaching it to their vessel through a contractual relationship with the true owner. The prevalence of control agreements between harvesters and processors or other investors who own fishing licences is well known across the industry. As a result, there are many more licences and quotas under the control of processors and other non-harvester investors than are identified in the DFO report. It is worth noting that of the 546 licences owned by processing companies, one company – the Canadian Fishing Company or “Canfisco” – owns 234 (43%).

It is also important to note that the 936 licences held by “Aboriginal bands” includes a number of F licences provided under the PICFI and AFS programs which have come under heavy criticism by many Nations due to the fact that this access continues to be heavily controlled by DFO. Nations want certainty of their access and DFO continues to take a paternal approach by dictating how and when Nations can have these licences renewed. In many cases, there is no security of access over the period as short as 1-5 years, which undermines the ability for First Nation community members to invest in building viable fishing enterprises, and fully benefit from the increased access to the resource.

With regard to foreign ownership, the DFO report explains its lack of clear information on this issue as follows:

DFO’s Pacific Region licensing system does not consider the nationality of licence holders and vessel owners associated with a BC registered company. DFO is not the regulatory body over vessel ownership; rather, the responsibility lies with the Province of BC and Transport Canada. Accordingly, it is difficult to know precisely the extent to which fishing licences and associated quota are held by foreign entities.⁹

In discussing the extent of foreign penetration into the BC fishery, the DFO report quotes the following text from an independent academic study:

Foreign control of ITQs [individual transferable quotas] is also increasing. It became serious when U.S.-based Pacific Seafood, one of the largest seafood companies in North America, purchased much of JS McMillan’s former

⁹ DFO Pacific Region, *Overview of Socio-Economic Concerns in Pacific Region Fisheries and Related Regulations, Policies & Practices*, May 2020. P. 4.

*groundfish trawl fleet and its ITQs. More recently Chinese companies have begun acquiring groundfish vessels and their ITQs.*¹⁰

A report prepared for DFO Pacific Region in 2020 by fisheries consultant Michael Gardner provides a useful commentary on the evolution of licensing policy and the industry structure in DFO Pacific Region.¹¹ It points out that the development of licensing policies on the east and west coasts began with similar goals in the 1970s but diverged sharply in recent decades. After the collapse of the foundational salmon and herring industries in the 1990s, Pacific Region DFO focused heavily on harvesting over-capacity challenges through license by-backs and self-rationalization mechanisms for fleets including individual transferable quotas and license stacking and leasing. Gardner notes that a 12% upper limit on processing companies owning licenses, established by DFO in the 1970s, was undermined by DFO's failure to enforce the limit and is no longer recognized today.

Gardner concludes that DFO's East Coast policy objectives for wealth from the fishery "to remain in the hands of those individuals that actively fish" and "to be reinvested and spent in coastal communities" do not have any effective parallels in the current licensing system in British Columbia.

*The Pacific Region currently lacks general measures corresponding to the Atlantic's Fleet Separation and Owner-Operator policies aimed at supporting a fair distribution of benefits from the fisheries (these policies operate vertically between the harvesting and processing sectors, and horizontally across licences within specific fisheries). Though the Vision 2000 policy objectives expressed support for 'optimum share in the benefits' and 'economic and social viability of coastal communities', it is difficult to find general regulatory or policy measures aimed at achieving them.*¹²

Gardner further suggests that policy measures that were designed to resolve over-capacity issues in BC fleets have had negative consequences relative to any DFO policy goals for "optimum share in the benefit".

Though it does not intend to do so, the regulatory framework (tradable quotas) aimed at promoting fleet rationalization in fisheries with excess harvesting capacity also facilitates the drain of revenue from active fishers resulting in the concentration of benefits in a rentier class of quota investors.

¹⁰ *You Thought We Canadians Controlled Our Fisheries? Think Again*, By Evelyn Pinkerton, Kim Olsen, Joy Thorkelson, Henry Clifton and Art Davidson, 11 Jan 2016

¹¹ Gardner, Michael, Comparative analysis of commercial fisheries policies and regulations on Canada's Atlantic and Pacific coasts, Gardner Pinfold Consultants, January, 2021.

¹² Ibid, p. 19. The Vision 2000 document, entitled "Pacific Region Strategic Outlook – Vision 2000", available at < <https://waves-vagues.dfo-mpo.gc.ca/Library/358001.pdf> > was produced by DFO Pacific Region in 1989 and sets out a roadmap for the development of individual transferable quota licensing regimes, the off-loading of fisheries management and science costs onto fishing enterprises and the significant fleet rationalization outcomes that have since occurred.

*This would appear to be at odds with how the benefits of the privilege embodied in the fishing licence were originally intended to flow; it is also at odds with current Pacific fisheries objectives including promoting the stability and economic viability of fishing operations and encouraging the equitable distribution of benefits.*¹³

The Gardner study was initiated by DFO-Pacific Region in response to recommendation 6 of the 2019 report from the House of Commons Standing Committee on Fisheries and Oceans (“FOPO”). After a review of the relevant policy and research literature, and hearing testimony from dozens of industry stakeholders, the Committee drew the following conclusion about the socio-economic impacts of current licensing policies for commercial fisheries in British Columbia.

The committee believes that the West Coast commercial fisheries fall short and lag the East Coast’s and some of the world’s fisheries, in how they benefit active fishers and their coastal communities. In the opinion of the committee, the vitality of a fishery should be examined by looking at its economic and community benefits as well as its ecological health.

*As the status quo is not economically and socially sustainable, the committee calls on DFO to facilitate, foster and implement grassroots initiatives for change within each fishery that have gained the support from most of that fishery’s participants. The committee is convinced that a successful transition toward a more equitable quota licencing regime must be ‘made-in-British Columbia’ and supported by all participants, including vessel/licence owners, active fish harvesters, processors, and First Nation and non-First Nation coastal communities.*¹⁴

The FOPO report lends further weight to the view that current licensing policy for BC commercial fisheries is not consistent with, or contributory to, the socio-economic goals associated with the Blue Economy Strategy in terms of incomes and employment for people working in the industry and socio-economic benefits flowing to coastal regions.

In March of 2021, a proposal for a new owner operator designation, initiated by United Fishermen and Allied Workers Union – Unifor, and supported by the Canadian Independent Fish Harvesters Federation, was presented to DFO Pacific Region and the senior staff of the Minister of Fisheries. This proposal requests that “the Department of Fisheries and Oceans create and allow designation of a new license class, Owner-Operator, to facilitate owner-operator policies in British Columbia commercial fisheries and achieve greater socio-economic benefits for our coastal communities. This would be an

¹³ Ibid, p. 20.

¹⁴ House of Commons Standing Committee on Fisheries and Oceans, *West Coast Fisheries: Sharing Risks and Benefits*, Ottawa, 2019: p. 46

important step in bringing Pacific Region licensing policies into alignment with regulatory changes recently introduced for East Coast commercial fisheries with the explicit goal of promoting ‘viable coastal communities and profitable operations for the average fishing enterprise by preventing corporate concentration and keeping licences and their associated benefits in the hands of independent, small vessel owner-operator’.”

4. Economic Performance in BC’s Commercial Fishery

From a blue economy perspective, a very basic question to address is whether the BC commercial fishery with its current industry structure, and under the current policy regime, is contributing to sustainable economic growth for people who work in the industry, for their communities, and for the province and the country as a whole.

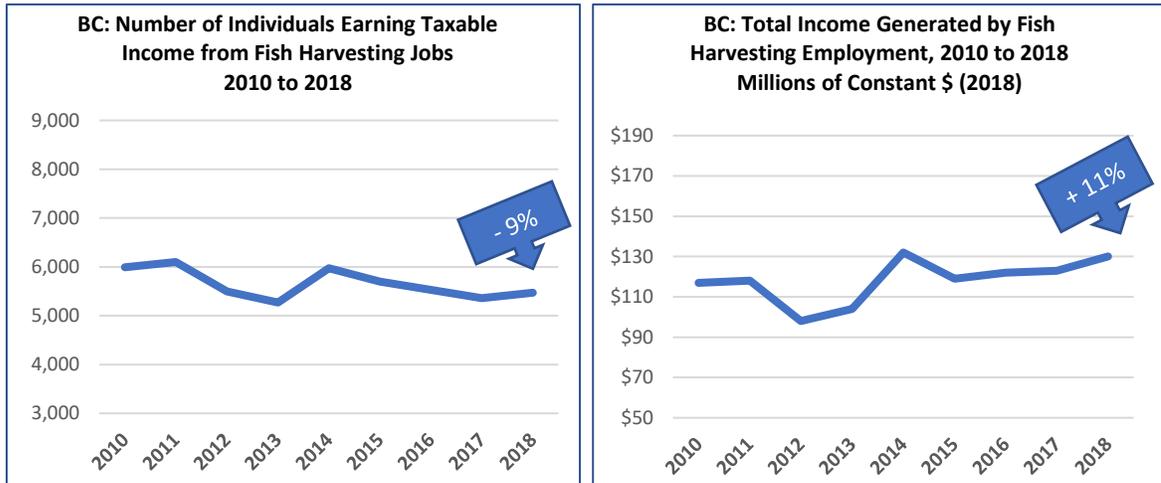
With the collapse of BC salmon and herring fisheries in the 1990s (as with the collapse with groundfish stocks on Canada’s East Coast), the dominant mantra in fisheries policy was “too many fishermen, not enough fish”. The major policy objective in Pacific Region was to “right-size” the industry, first through license retirement and workforce adjustment programs, and then through licensing policies – ITQs, license stacking and leasing – designed to facilitate self-rationalization within fleets. The promise was that an open market in fishing rights would over time result in stable employment levels, higher incomes and a more economically robust and sustainable fishery. The strategy was laid out in DFO’s Vision 2000 report in 1989 with the following objectives¹⁵:

The landed value of the commercial fishery will double in value by 2010, based on production and market projections. Fishing costs will be cut by as much as half, as the number of vessels and the cost per vessel fall. The net earnings of fishermen before tax will potentially quadruple from their recent level by 2010. These profits will be injected into the economic base of fishing communities creating employment in both fishing and non-fishing related activities.

A brief review of key socio-economic trends raises significant questions about whether DFO Pacific Region policies over the past 20 years have generated these expected outcomes, and if not, why not?

¹⁵ DFO – Pacific Region, *Pacific Region Strategic Outlook – Vision 2000*, < <https://waves-vagues.dfo-mpo.gc.ca/Library/358001.pdf>>, p. 5.

Two basic measures of economic performance are employment levels and worker incomes. If the industry was experiencing growth, both would show positive trends following the dramatic “right-sizing” that took place in the 1990s. However, since the end of the Great Recession, from 2010 to 2018, the commercial fishery in British Columbia saw a significant drop in employment and relatively weak income growth.¹⁶



Over the period the number of individuals earning taxable income from fishing jobs fell by 9% and total fish harvester employment income flowing through coastal communities increased by 11%, from \$117 million in 2010 to \$130 million in 2018 in constant dollar value. This contrasts with a 46% increase in the after-inflation value of total fish landings over that same period.

Trends in the BC fishery stand in sharp contrast to the reality that, driven by changing consumer tastes and surging global demand for quality seafood products, the Canadian industry overall, and fisheries in other developed countries, have enjoyed an unprecedented growth surge since the end of the Great Recession.

The following table compares the economic performance of the Atlantic and Pacific coast industries in terms of volume of landings (metric tonnes), landed value (plant gate revenues for harvesting vessels) and export values. The table shows changes over the 2010 to 2019 period, using after-inflation dollar values (\$-2019).¹⁷ To focus on community-based fleets that generally produce fresh and fresh-frozen products, the information on the Pacific fishery does not include the large vessel offshore industrial fisheries for hake and redfish.

¹⁶ These charts use Statistics Canada tax filer data to quantify numbers of individuals earning taxable employment income from fish harvesting employment, and their average fishing incomes, and total income generated by the fish harvesting workforce. 2018 is the most recent year for which this tax filer data is available.

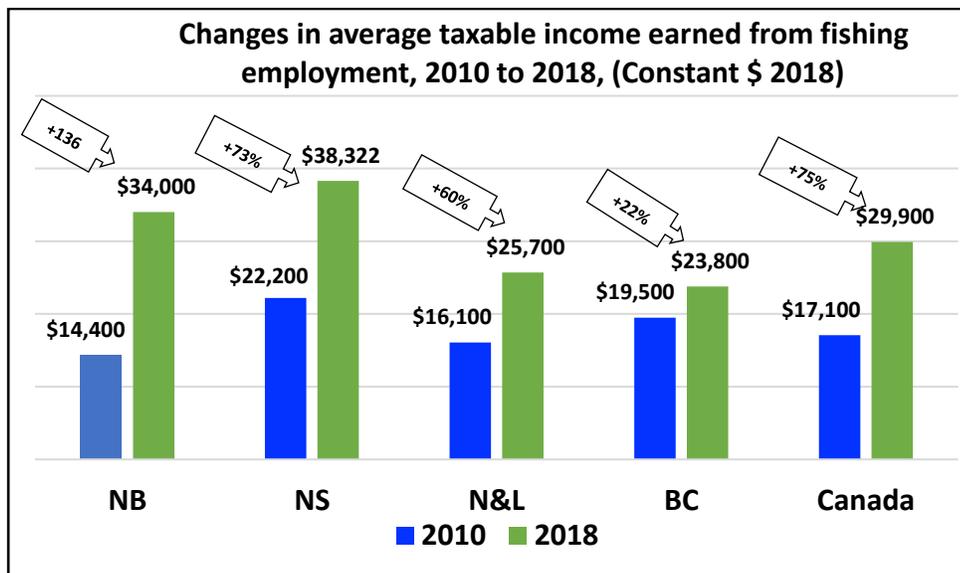
¹⁷ Source: DFO on-line Statistics <https://www.dfo-mpo.gc.ca/stats/stats-eng.htm>

	Landings (000s MT)		Landed Value (\$ millions)		Export Value (\$ millions)	
	Atlantic	Pacific	Atlantic	Pacific	Atlantic	Pacific
2010	799	86	\$1,773	\$310	\$3,089	\$708
2019	560	69	\$3,236	\$336	\$5,386	\$809
Change	-30%	-20%	83%	8%	74%	14%

The following points are evident from the table:

- Fisheries on both coasts experienced dramatic declines in landed volumes over the period, with greater fall off in Atlantic fisheries.
- Total landed value and export value improved on both coasts over the 2010 to 2019 period, but substantially more so in Atlantic fisheries.

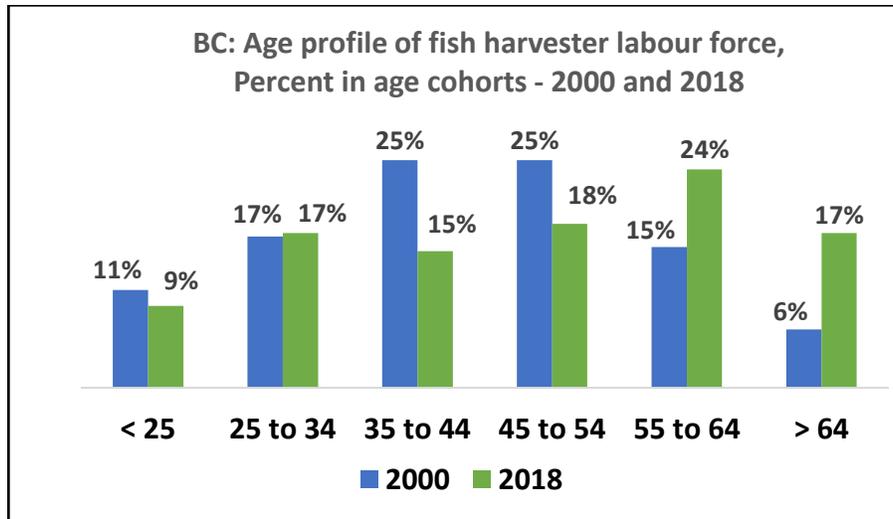
Again, using StatsCan tax filer data, the following chart shows how relatively modest growth in landed values and export earnings translate into lower employment incomes for working harvesters in British Columbia compared to other regions.



As the above chart shows, in 2010 average fish harvesting employment income in BC – well after the major collapse of salmon stocks in the 1990s – compared well with other leading fishing provinces and was 14% higher than the Canadian average of \$17,100). However, in 2018 (the latest year for which tax filer data is available at time of writing) the average fishing income in BC (\$23,800) was 20% lower than for Canada as a whole. Over the 2010 to 2018 period average harvesting incomes in Canada improved by 75% in after-inflation value compared to just 22% for BC harvesters.

One consequence of low incomes and low enterprise profitability in BC fishing fleets is the growing difficulty attracting and retaining new entrants to renew

an aging workforce and to advance intergenerational succession for enterprise owner-operators. The following chart, again using Statistics Canada tax filer data, compares the age profiles of all individuals who earned taxable employment income from fishing in the years 2000 and 2018.



It is evident from this data that young people were still coming into fishing jobs over the 2000 to 2018 period but too few were staying past their early 30s. Over the 18-year period, the core 35 to 54 age group shrank from 50% to 33% of the fishing labour force, while the percentage over 54 years of age – i.e., near or beyond typical retirement age -- increased from 21% to 41%. There was a 25% decline in fish harvesting employment over the period and this data suggests that the shrinkage resulted not so much from older harvesters aging out of the industry as from core working age people leaving to seek better incomes and career opportunities.

One unique factor in BC – very different than in the Atlantic provinces -- is that until the late 1970s First Nations harvesters represented close to one-quarter of the workforce in the commercial fishery, and this included many of the most successful captains. However, control of many of the I and F category licenses intended for Indigenous harvesters has since fallen into the hands of investors and processors. As a direct result, many indigenous harvesters now operate as dependent labourers for these companies with no ability to negotiate prices for their catches. Concerted efforts today to expand Indigenous access are further constrained because of outside investors and foreign interests driving up license and quota prices in a fully open market.

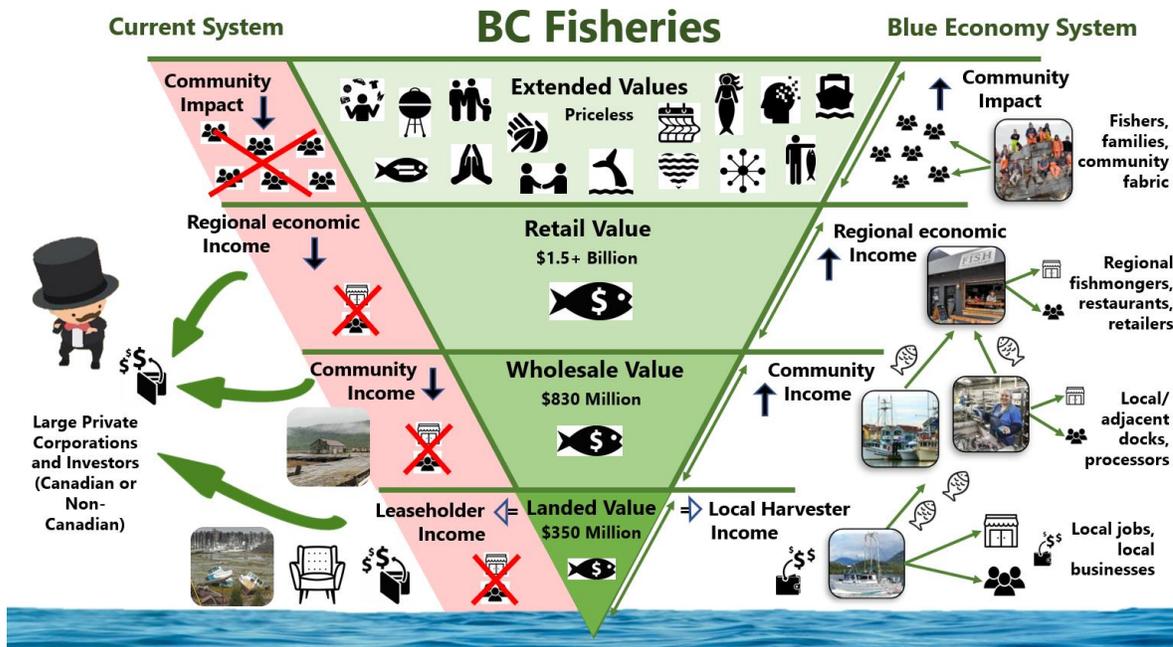
The evidence clearly suggests that the privatization of fishing access rights and fleet self-rationalization policies have not achieved the intended outcomes of stable employment, improved incomes for fish harvesters and new wealth flowing to fishing communities. While the total value of the fishery and the exports earnings have shown positive trends since the Great Recession, working

harvesters and many enterprise owner-operators have not shared in those growth dividends at levels comparable to their peers in the rest of Canada.

It would take a much more comprehensive analysis of industry structures, policy systems, markets and fisheries by species than can be undertaken here to fully explain the differences in economic performance between east and west coast fisheries. Suffice it to say, however, that if the Blue Economy Strategy is to seek new pathways to sustainable growth, current DFO Pacific Region policies should be critically evaluated and reoriented to achieve significantly improved social and economic outcomes in BC commercial fisheries.

5. Valuing BC's Commercial Fisheries: The Case for Local Benefit

As the following graphic illustrates, with the right policy, regulation, and programming in place fisheries can be a cornerstone of the Blue Economy Strategy. If the policy regime ensures that equitable shares of the economic value generated from fisheries resources are retained by adjacent coastal communities, the social and economic benefits multiply resulting in stability and greater community wellbeing. If the policy and regulatory systems do not ensure this, coastal communities progressively lose social and economic viability and cultural vitality.



The value of commercial fisheries is often measured simply by the landed (or plant gate) value of the total catch. However, landed value represents only a fraction of the full value from a fishery. In recent years the landed value in BC has averaged at about \$350 million with a wholesale value of approximately

\$830 million. It is challenging to pinpoint a retail value, given the diversity of markets and product types, but looking at common local prices for common products, it is safe to say that the retail value would be upwards of \$1.5 billion. The retail value provides a more accurate picture of the real economic value generated by commercial fish harvesting. Though a portion of seafood will always be exported, the more landed value captured locally throughout the chain, the more fishing incomes, jobs, and profits remain in BC.

However, the full economic impact is much greater. As many studies have confirmed, for every dollar put into a local business, 63-70% stays in the immediate area. Fish harvesters and processing workers spend their incomes in their communities, generating more jobs and supporting local businesses. And we know the full value of fisheries doesn't stop there. Community-based fisheries contribute many intangible benefits that help build the strong fabric of coastal communities including support for local food systems, transportation, ecosystem connections, stewardship and monitoring of local resources, intergenerational transfer of knowledge, mentoring and transfer of useful skills (vessel handling, navigation, safety at sea, etc.), and general improvements in community wellbeing indicators.¹⁸

Conversely, without policy or regulatory support to ensure the benefits from fisheries flow through harvesters and coastal communities, it is largely left to corporate goodwill for the benefits of fisheries to land at the local level. This is the case in BC, and as a result, much of the economic value and associated social and cultural benefits are drained away from those communities and individuals who rely on the resource.

Why is this happening? The licensing policy in BC is unrestricted, anyone from anywhere can create a BC registered company and purchase licenses and quota. As a result, larger private seafood companies, food processors, and other external investors are buying up more and more licenses and quotas, and fish harvesters, First Nations, and communities are left to compete in this open market for fishing access. Crew workers and new entrant harvesters who aspire to become owner-operators of their own vessel enterprises can not afford to buy their own licenses and quotas because the purchase prices are too high to be carried out of the profits of their enterprises. First Nations rebuilding their participation in commercial fisheries are forced to compete in this inflated market, dramatically reducing the opportunity to increase their diversity and level of access in the fishery. As a result, the market is favouring private processing companies, foreign seafood businesses, and other investors, and the lion's share of landed value is increasingly flowing to these parties through rents charged and suppression of fish prices paid to harvesters. This new "rentier

¹⁸ These spread affects are analysed in a 2014 study by Ecotrust Canada and the T. Buck Suzuki Foundation <https://ecotrust.ca/wp-content/uploads/2020/03/1-Fisheries-2013-UnderstandingValuesCanadasNorthPacific-Report.pdf>

class” of owners now control how the value of fish is distributed throughout the value chain meaning significant economic leakage from coastal communities. These inequities gradually reduce all the social, economic, and cultural benefits that fishing communities and First Nations derive from commercial fisheries in adjacent waters.

This situation contrasts sharply with fisheries in Alaska and on Canada’s Atlantic coast where equitable sharing of benefits of the fisheries are protected and now embedded in law. This discrepancy in policy gives rise to the questions: does the Government of Canada value the jobs and wellbeing of BC fish harvesters and their communities less than their Atlantic counterparts? Does the commitment in the Blue Economy Strategy to support “sustainable economic growth and... jobs in coastal and indigenous communities” also apply to the West Coast?

6. The Blue Economy Challenge for Commercial Fisheries

For the members of the BC Fisheries for Communities Network, there is no doubt that the current policy regime governing BC commercial fisheries is contributing significantly to socio-economic outcomes that are inconsistent with the policy objectives set out for Canada’s Blue Economy Strategy. And we are clearly not alone in seeing the need for a fundamental reconsideration of current DFO policies in Pacific Region. In a stratified panel survey of BC residents in March 2021, of those respondents knowledgeable enough to comment on fisheries licensing policies, a strong majority favoured a transition to an East Coast licensing policy approach.¹⁹

Licensing policies for BC commercial fisheries are under review. Which approach would you favour?	
Maintain the status-quo where many licenses are owned by companies and outside investors and leased to working fish harvesters	13%
Transition to East Coast policies where most licenses can only be owned and used by working fish harvesters	57%
No opinion/Don’t know	31%

In a second survey item, respondents were asked to rank the level of priority they would place on different policy objectives for commercial fisheries.

¹⁹ Results from a survey item included in a general population survey conducted by StratCom Strategic Communications in March of 2021. The survey had a sample of 802 BC residents (18+) statistically weighted to match the gender, age, region and mother tongue in BC as per the 2016 Census

The following are possible government policy objectives for commercial fisheries in British Columbia. On a scale of 0 to 10 where 0 means a low priority and 10 means a high priority, how important would you rate each of the following policy objectives?	
Developing local markets and supply chains to improve access to healthy and affordable seafood for coastal residents and consumers throughout BC	7.0
Eliminating regulatory loopholes that allow foreign investors to take control of fishing licenses and quotas in BC waters	7.0
Expanding access to fishing jobs, business opportunities and other benefits for Indigenous peoples in BC	6.2
Promoting viable coastal communities and profitable operations for small boat fish harvesting enterprises	6.1
Promoting corporate concentration to attract new investment and improve productivity and competitiveness	5.9
Expanding exports of seafood products to take advantage of growing global demand	5.8

The survey findings suggest that, given the opportunity to consider and comment on the issues, ordinary BC citizens put higher priority on improving access to healthy foods, limiting foreign ownership of access rights, providing greater benefits from fisheries for First Nations and supporting community-based fisheries.

For its part, after completing its comparative examination of the state of Canada’s East and West Coast fisheries, the House of Commons Standing Committee on Fisheries and Oceans made the following recommendation:

*That Fisheries and Oceans Canada develop a new policy framework through a process of authentic and transparent engagement with all key stakeholders.*²⁰

It further recommended that an independent commission be mandated by the DFO Minister to:

*Prepare a concept through comprehensive consultations that could transition the West Coast fishery to a ‘made-in-BC’ owner-operator model.*²¹

However, the Gardner report makes the important point that a narrow focus on licensing regulations would not address broader structural issues nor resolve the management challenges associated with a major policy shift for BC fisheries. Gardner proposes a broader process using the Atlantic Fisheries Policy Review as a template. The AFPR was completed by DFO in 2001 and laid the groundwork for a number of important policy changes including PIIFCAF and the incorporation option for owner-operator enterprises.

²⁰ House of Commons Standing Committee on Fisheries and Oceans, *op cit*: Recommendation 14, p. 3.

²¹ *Ibid*, Recommendation 15, p. 4.

A similar process, a PFPR, would give industry the opportunity to present its views on a range of policy issues (some of which were highlighted in the [FOPO] report), not just ones aimed at strengthening the independence of harvesters and their communities. For example, the AFPR elicited views on environment, sustainability, management practices, fishing gear technology and innovation, access and allocation (equitable distribution), the inclusion of First Nations in the Atlantic fisheries after the Marshall decision, as well as the need to review and strengthen the Fleet Separation and Owner-Operator policies. Some or all of these issues may warrant review in the Pacific, and in anticipation of industry support for an Owner-Operator policy, the review may wish to examine licencing policy and the relative merits of a vessel-based vs. party-based approach.²²

Gardner set out the following process steps that would be needed to generate buy-in for significant policy changes.

The AFPR began with a discussion document outlining policy direction and principles. This was circulated amongst industry stakeholders and formed the basis for a round of public consultations. The results of these discussions were captured and circulated in a ‘What We Heard’ report. Presumably this approach in BC would go over some of the same ground covered by the Standing Committee but would have the benefit of gaining wider stakeholder input than was possible in the Ottawa setting. The second stage would involve preparing and distributing a discussion paper focussing on the key issues identified in the consultations. Another round of consultations would examine these issues and lead (hopefully) to specific policy ideas and directions for the Minister. The final step would consist of a document outlining a Policy Framework corresponding to PIIFCAF.²³

Both the FOPO and the Gardner reports recognize the complexities involved in a root and branch policy shift for BC commercial fisheries and point to the need for detailed research and intensive consultations to address the specific conditions in different fleets, vessel classes and species fisheries.

7. Recommendations

It is our position that a Blue Economy Strategy must include a new policy framework for British Columbia fisheries – in line with current DFO policy objectives for Canada’s East Coast – including a commitment and an action plan to put the control over and benefit from fisheries access back into the hands of harvesters, First Nations, and rural coastal communities. The Blue Economy Strategy should aim to develop a thriving fisheries economy on all coasts where

²² Gardner, *op cit*, p. 29.

²³ *Ibid.*

competition for local production is strong, where fully equitable shares of the wealth drawn from adjacent resources flow to harvesters and their communities, and where a new generation can build resilient communities with productive engagement throughout the fisheries value chain. This strategy must advance reconciliation efforts now underway with First Nations.

To realize these objectives, the Blue Economy Strategy must include the development of a BC fisheries licencing policy that transitions the ownership of licences and quota to bona fide BC fish harvesters and First Nations. The Blue Economy Strategy for the commercial fishery in British Columbia should include the following directions to the Minister of Fisheries, Oceans, and the Canadian Coast Guard:

1. By 2022, develop and commit to implementing a new policy framework that requires that BC licenses and quota can only be owned by bona fide fish harvesters and First Nations, with the following milestones:
 - a. By December 2021, require that there be no further sales of BC licences and quota to non-Canadian beneficial owners,
 - b. By 2022, implement the voluntary owner/operator designation as proposed by the UFAWU.
 - c. By 2025, all licences and quota shall only be owned by bona fide fish harvesters or First Nations.
2. Establish an independently led, inclusive, and transparent engagement process for development and implementation of this policy paying close attention to the advice on process provided by the FOPO Report 21 West Coast Fisheries: Sharing Risks and Benefits.
3. Develop and implement a strategy with pathways and transition mechanisms for the establishment of made-in-BC policies, that will ensure ownership of licenses and quotas are held by bona fide BC fish harvesters and First Nations. Many of these are outlined in the FOPO report, including:
 - a. Transparent tracking of beneficial ownership,
 - b. Transparent tracking of socio-economic data on fisheries,
 - c. Financial Incentives for independent ownership of licences,
 - d. Investment in infrastructure and strategies to recapture values from processing and ancillary services in adjacent communities,
 - e. Strategic development of labour force renewal, and
 - f. Following the federal licencing policy change, provision of business support and financing programs that support the affordable transition of ownership to independent fish harvesters and First Nations.
4. The implementation framework must also provide transitional supports and fair compensation for specific groups whose interests may be unfairly compromised by such changes.