

To; Members of the standing Committee on Fisheries.

From David R Boyes MSc, Master Borealis I.

Reference; Some reflections on four decades of fishing off BC, some comments on testimony given your Committee over the last four days and some recommendations to FOPO.

I'm a first generation fisherman- my parents were city folk and in the health care field. But I loved being on the water, started sailing dinghys as a kid, crewed on local keel boats, and ended up putting together a little sailboat made from a DND surplus steel lifeboat with a high school buddy (Tim, who will appear again later) and sailing it to New Zealand and back when I was 21. While doing a BSc and MSc at UBC in marine biology I blundered into a fishing job fishing roe herring with a leased licence in 1977 and I've been at it ever since.

My first boat was a 33 foot troller- mechanical gurdies and an old Chrysler Crown with a cracked head so I had to change oil every three days. An old Echolite wet paper sounder, no radar, no loran (before GPS) , no VHF, just a Mickey Mouse for a radio- does anyone even know what that is anymore? I fished out of Ucluelet, by myself and managed to make enough to go back to school that winter. A loan guarantee from family helped me buy a little bigger boat the next season with a motor that was more reliable and hydraulic gurdies. Still no idea what I was doing but my pal Pete, also a student at UBC was along now, so a two man boat! We caught a few salmon that summer so, still at UBC and living on the boat in False Creek I put a freezer in. The \$50K bill (multiply that by 10 to get today's \$) used up everything I'd made the previous year, but now I could get a better price and stay out 'till the boat was full. 1979 was a good season and Pete and I were beginning to hit our stride- back in the black and back to school. Along came 1980- no fish and a terrible price, but that's fishing, two steps forward and one back. Now Pete had got into his own boat with his brother and my future wife was fishing with me- the early eighties saw slowly improving fishing and prices. Tim had bought a troller too and was fishing with his soon to be wife as well. I still fished roe herring every March (I'd bought one licence and leased several others) and was now trying to fit grad school into the mix. One spring, in the later eighties, I arrived in Ucluelet and there in the commercial basin loomed the old James Stewart (Hydrographic ship) , renamed the Canadian Princess- a floating hotel with a fleet of what we called 'pucker boats' alongside. I asked a local fisherman "what's that?" " that's the end of you", he replied and so it proved. Not long after, David Anderson the then fisheries Minister negotiated a new salmon treaty with the US which cut off the westcoast troll fleet from access to coho salmon and gave almost all access to Chinook salmon to the newly arrived commercial sports fleet on the west coast of Vancouver Island. It was time to get out, or refocus. I got a job on deck with a local halibut guy as that fishery was just beginning to stagger back after a disastrous slump and started to learn longlining. Ironically, the Canadian Princess has now gone for scrap and the Oak Bay Marine Group, once the powerhouse of the commercial sports industry that could all but dictate policy to the government on its own is vastly diminished- things tend to go full circle don't they?

With salmon access on the skids from re-allocation to the commercial sport sector and now the burgeoning salmon farming industry hammering prices, I decided to jump into halibut- it was that or get out, herring was looking dicey by then too. Mortgaging the little house on Vancouver Island that my wife and I had bought for \$70K, we were able to buy an 'L' tab in 1989 and rig the boat up for the /90 season- the last Olympic style season, only six days long, as it turned out. We didn't catch much- rookies seldom do, and it turned out that this was my only qualifying year for the quota style fishery that was to arrive in 1991. So I started the quota era with a very expensive licence, a huge bill for converting the boat and a tiny quota. The good news was that the price for halibut had doubled with the advent of the quota system and the fishery was no longer an insane and cutthroat bout of mayhem. A couple of years learning the fishery and I bought another small quota, put it on Pete's boat and that year we fished my boat and its quota, then stripped all the gear off it, mounted it on Pete's boat and went and caught the other quota- crazy, I know, but that's how it was. Then along came transferability, up to a cap of 1% of the annual TAC on any one boat. I put both quotas on my boat and now we had almost enough to make it worthwhile gearing up and going out so that everybody would get a decent paycheck after expenses. The SFI representative to your Committee said that by trying to build a successful fishing business that I became a "speculator" but my crew and I thought that we were producing food and jobs from a sustainable resource and took some pride in our work! We'd fish herring in March, switch over to halibut in April and then Pete and my other buddy Tim who also had a salmon boat would get their trollers ready for salmon, as would I. There was never enough \$ in just one fishery to make a season, at least not for us. We used to go tuna fishing down off the US coast when the fish were close and the market was good from time to time as well.

Jump forward to 2003; salmon has collapsed and so has roe herring. If you wonder why there are no longer 40 seine boats in Alert Bay, look no further. Under the impetus of a concerted campaign by the ENGO sector, DFO has put the hook and line ground fish fleet on notice that benthic rockfish TACs will be cut in half and all vessels will be individually responsible for all catch and there will be mandatory retention. I end up on the committee (now the Commercial Industry Caucus, the CIC) for the halibut sector- one of seven now sitting down to literally hundreds of days of meetings, with the DFO and the Province (who are funding the process) to try and come up with a fishing plan that will realize the Department's conservation objectives while allowing a fishery to proceed. Nothing like it has ever been attempted anywhere in the world, and the resultant Integrated Groundfish Management Plan which includes trawl as well, will attract the attention of fisheries management agencies from around the world (including the UN) so that some dozen and a half of these will travel to BC to learn of the most advanced management system in existence which features 100% at sea monitoring, 100% dockside monitoring, individual vessel accountability for all mortality resultant from its fishing activity to all species. The record speaks for itself- since 2006 all fleets have fished within species/ area TACs- some 66 combinations when you

include trawl, without once exceeding the limits. Without transferrable ITQ, by species, by area, this world leading management system is dead in the water and we go back to tossing bycatch over the side. But cutting edge fisheries management is onerous and expensive and these rigorous standards mean that the fleet must be reduced to allow of economies of scale that will allow the vessels to pay for the program. These days, it costs me about \$1700 per offload to pay the third party contractor that does the logbook/video audit, the dockside validation and the data input into the DFO computer system. This is in addition to the \$1000 registration fee each year to be in the program. Excellent fisheries management that results in outstanding conservation outcomes and sustainable harvesting is not cheap and here in BC, the fishermen pay the freight – there are no subsidies.

Using a HELOC, I bought a little more quota as time went on and also invested in rockfish and sablefish ITQ to cover my incidental catch of these species as people I knew in the industry sold out. I use the fish processor that I sell to, contacts in the industry, and quota exchanges to find and lease or trade for ITQ that I need to cover bycatch on an ongoing basis. Like most fishermen in 2019, most of the ITQ I fish was purchased subsequent to the initiation of the program 28 years ago- a recent study put that figure at about 80%. Last year my quota was a little over 32K lbs . As recently as 2005, I had over 75K of ITQ to fish and the 1% cap was almost 130K lbs, so the overall TAC has gone down well over 50% in that time and continues to do so every year- what a lousy investment! Apply an inflation factor to fish prices and to licence values and the windfall appellation blows away. Halibut stocks are cyclical, of course, and we hope to see an upturn but the Pacific Decadal Oscillation (PDO), which is associated with halibut recruitment in the North Pacific has been negative in recent years and the stock assessment scientists at the IPHC are pessimistic about the near term trajectory of the stock. Add to this the burgeoning supply of halibut from the east coast (now almost double that in BC) and farmed halibut now coming in from Norway and the clouds are gathering on the horizon. In 2019, the BC halibut TAC will be a little over 5 million pounds- the lowest TAC since the early nineteen eighties. If all 435 licences were fishing, this would amount to about 11.5K lbs each- nowhere near enough to gear up and maintain a vessel, pay the crew, fuel and grub and fund the monitoring.

So, if anybody thinks that the BC halibut fishery is going to fill the gap left by the collapse of the salmon and roe herring fisheries, they just haven't done the math. There are about 145 vessels directing on halibut these days and another 50 that catch it incidentally. Historically, there were never more than about 100 halibut boats on the BC coast- the resource is just not big enough to support more. Before the 200 mile limit most BC vessels went westward to the Gulf of Alaska and the Bering Sea. In 1977, they could no longer do so and that's when the DFO issued 435 licences- far more than the BC coast could support. This is exacerbated by the re-allocation of halibut to the commercial sports fleet which now has 15% of the coastal TAC.

A few points elicited by the testimony you have heard;

- The government of Canada has bought about 30% of the halibut IVQ in the last twenty years for the purpose of settling land claims in the Treaty process. Compare this to what Canadian Fishing Co holds- 3%. Regional Director Rebecca Reid told you the ATP and the PICFI have spent about \$140M on licences and quota (all species) and that the process is ongoing. Almost all recent transactions involving halibut ITQ went to PICFI and also to independent First Nations purchase of quota- these are the purchases that drove the price up well over \$120/lb. I stopped buying at \$64/lb- I could not compete with the deep pockets of the federal government.
- Dr Donkershloot told you that the fishermen and the boats were still around and could re-enter the fishery if government policy were to change. This is untrue- the fishermen have retired or gone to the oilpatch or elsewhere and the boats are gone, gone, gone. Some to Alaska or to the lower 48, some converted to pleasure use, some sunk or scrapped. There have been virtually no new fishboats of any size constructed in BC in the last 25 years and there are no builders left. Government subsidies for fish boat construction ended in about 1978 and so did federal loans to fishermen. A new halibut vessel (a fifty footer) would cost close to a million dollars today- who could find the financing to build such a vessel today, especially since there is no security of access to the resource?
- Claims have been made that foreign interests are buying up ITQ, but I noted that Dr Silver cited no evidence of this in her testimony. Yes, a gentleman who is ethnic Chinese is known to have invested in the trawl sector, but he is a Canadian citizen, I'm told. I am not aware of foreign ownership in the halibut sector, nor of the often cited investments by doctors and lawyers but there may be a few. Why would an investor deploy capital into halibut ITQ that has dropped by well over half its annual poundage in the last ten years or so, into ITQ that can be arbitrarily re-allocated to other sectors without compensation such as the Minister did in 2012 when he gave \$14M worth of ITQ to the commercial sports sector? Halibut fishermen spent \$350K in the BC Supreme Court and the Federal Court of Appeal , subsequently, to find out that the Minister can re-allocate for any reason or for no reason as long as it's not an illegal reason. What sane speculator would get into something that could get cut in half by natural variation in an era of climate change and escalating oceanic pollution, faces increasing competition in the marketplace and could also be simply confiscated with no recourse? And it's worth noting that Canada does not bar foreign capital from investing in many areas of the Canadian economy- oil and gas, tech, agriculture, manufacturing- why would fishing be the exception? Canada and Canadians deploy a great deal of capital abroad- in fact the major public pensions have much of their capital offshore, seeking higher returns and diversification. I read the other day that the Ontario Teachers Pension Plan owns the Brussels Airport Terminal- wonder how the Belgians feel about that? The CPP deploys much of its capital abroad as well- where does the Parliamentary Pension plan invest? Not that I'd encourage or advocate for offshore money coming into the fishing industry- although it has for over a century- English, and American money started the

salmon industry on the west coast. It's hard enough competing with our own federal government for a small player out here.

- Several of your presenters advocated government confiscating ITQ and re-allocating it to increase employment on the coast. One consideration in this approach should be the consequences to the federal treasury of such an approach. Currently, in addition to the royalty ITQ holders pay to the crown annually for the privilege of harvesting the public's fish, fishermen remit income tax on their net earnings. If federal policy changes in a re-distributive direction, a larger number of now marginally viable fishermen will pay little or no tax and EI claims, usual in distressed operations, will multiply. A welfare fishery will be the result, a net drain on the public purse instead of a net contributor from the harvesting of a sustainable resource.
- I sell most of the halibut I catch to the Canadian Fishing Co. Ltd. I lease halibut ITQ from Canfisco to top up my much reduced ITQ to the 1% annual vessel cap- 13K lbs in 2018. I pay market rate for 25% of the ITQ (\$5.25 in 2018) and 50% of the landed price for the other 75%. In 2018, I paid \$4.35/lb for fish that I averaged \$8.75 dock price. Thus my crew and I made \$4.40 on the leased fish. Some characterize Canfisco as a giant, unfeeling, rapacious, malign entity on the coast, I must say that that has not been my experience with the company and I have four decades of selling fish to ten or more companies to compare it with. I find their personnel helpful and accommodating and their prices fair. They pay promptly and the lease price is never charged upfront but comes off my settlement. I have never borrowed a penny from Canfisco or any other fishing company and I have never borrowed a penny from friends or family to invest in the fishing business either.
- I do not charge my crew a lease on the ITQ that I hold- they get a share of the full dock price. My main guy, first mate and engineer made \$40K for 11 days fishing in 2018, the other three crew made \$34K each for the same period. Boat work in the winter and at the shipyard performed by crew is compensated at \$50/hr. I have never had a crewman quit and they have been with me for between 42 and 5 years. I continually have young folk approach me looking for work on my vessel.
- We use the vessel for scientific surveys for DFO outside the fishing times and some of my crew participate in that- they all have other jobs so we fit them in as their schedule and mine dictate.
- My experience with DFO has been generally very positive over the last four decades of involvement on numerous boards, committees and advisory groups. These days I mostly interact with the Groundfish Management Unit (GMU) in Pacific region and I find these civil servants to be intelligent, diligent and very professional. They work hard to ensure that their conservation mandate is fulfilled while engaging co-operatively with industry to manage the fisheries. It's a difficult time to be a fishery manager with declining stocks and rising demands for access while simultaneous calls for enhanced conservation are coming from both inside and outside government. The Science Branch at the Pacific Biological Station deserves

praise as well for hard slogging with minimal budgets in pursuit of stock assessments for the dozens of species they have responsibility for. They are unfailingly responsive to requests for data and evaluation needed to responsibly manage the many fisheries out here.

- I'd like to assure FOPO that in no way do I support egregious lease prices being charged by some unscrupulous quota holders. I work to about a 50-50 split in my operation and I think that is reasonable given the capital outlay for a vessel and gear and for licences. Annual maintenance on a vessel like mine average \$50-75K/ year to keep her safe and reliable and a shoestring budget doesn't cut it these days. I am a member of the 'fair risks and benefits' working group in the halibut sector and we have been meeting regularly to try and craft a 'made in BC' solution to the problem of excessive lease costs in BC fisheries. A proposal has come forward and made the rounds through the sectors and passed on to the DFO as government must play a role in finding a practical solution. The concept of owner-operator being the magic bullet comes up short when applied to the very complex, multi- licenced, multi-owner BC fishing fleet. I incorporated almost 40 years ago on the advice of my accountant and Arbegar Fishing Co Ltd owns the vessel, all the licences and all the ITQ and has Trust Agreements in place with other corporate entities with regards ITQ for species for which it does not own a licence. An example is sablefish, the K licence, of which there are only about 45 in existence. About 200 vessels land sablefish so there are not nearly enough licences to go around so the only way to secure access is through Trust Agreements. Both my daughter and my nephew are buying into Arbegar Fishing Co as the years go by and their finances permit. My daughter's partner has plans to integrate his fishery holdings into the Company as well. Who is the owner- there are four at present, who should be the operator? In many ways, we have more in common with the offshore sector on the East coast compared to the Inshore sector.

I have attached Quota status Reports (QSRs) for both my halibut licence, L 404 and my ZN25 (rockfish) licence so you can see how we keep track of so many species, by area. I'll include a photo of the Borealis as well, outbound for Haida Gwaii past the Scarlett Point Light a couple of years ago.

Good luck on your deliberations and I encourage FOPO to help out with crafting a fair 'Risks and Benefits' template to get the westcoast fishing industry over this hurdle. I've often thought that there may be some sort of solution in the tax system, but this would be way above my pay grade.

Regards, Dave Boyes