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Chair: Mr. Ken McDonald



Standing Committee on Fisheries and Oceans

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• (1615)

[English]

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

Welcome to meeting number 37 of the House of Commons Standing Committee on Fisheries and Oceans. Pursuant to Standing Order 108(2) and the motion adopted on April 21, the committee is meeting for its study on corporate offshore licences.

Today's meeting is taking place in a hybrid format pursuant to the House order of January 25, and therefore members can attend in person in the room and remotely using the Zoom application. The proceedings are made available via the House of Commons website, and the webcast will show only the person speaking, rather than the entire committee.

To ensure an orderly meeting, I would like to outline a few rules to follow. Members and witnesses may speak in the official language of their choice. Interpretation services are available for this meeting. You have the choice at the bottom of your screen of either the floor or English or French. You will also notice the platform's "raise hand" feature on the main toolbar should you wish to speak or alert the chair. Before speaking, please click on the microphone to unmute yourself. When you are not speaking, your mike should be on mute.

I would now like to welcome our witnesses for today. For the first panel, we have, from the Department of Fisheries and Oceans, Adam Burns, director general, fisheries resource management; Heather McCready, director general, conservation and protection; and David Whorley, director, national licensing operations.

Before we go to the opening remarks by Mr. Burns, I would like to welcome Mr. D'Entremont, from West Nova, back to our committee again. Also, of course, we have Mr. Kent, the member for Thornhill, with us. It's good to see you both here today.

Mr. Burns, when you're ready, you can start, for five minutes or less, please.

Mr. Adam Burns (Director General, Fisheries Resource Management, Department of Fisheries and Oceans): Thank you, Chair, and good afternoon to the members of the committee.

My name is Adam Burns and I'm the director general of fisheries resource management at Fisheries and Oceans Canada. As you noted, I'm joined by Heather McCready, the director general of conservation and protection, as well as David Whorley, the director of licensing operations.

We're here today in support of this committee's study of offshore fisheries, including the processes related to licensing and quota transfers. We appreciate the opportunity to be here.

I would like to briefly touch on some of issues that may be related to this study, and I hope that we will be able to provide better and further details for you over the course of today's discussion.

The offshore fishery in eastern Canada comprises those vessels greater than 100 feet in length. There are presently 97 offshore licences in eastern Canada and the Arctic, which account for about 37% of total landings in the area.

[Translation]

On the East Coast, the Department remains committed to Canadian ownership, and to the review of fishing company purchases to ensure the ownership requirement of being at least 51 per cent Canadian-owned to be eligible to receive the fishing licences is met.

Under the Commercial Fisheries Licensing Policy for Eastern Canada, if foreign interests acquire over 49 per cent of the common shares of a Canadian-owned corporation which holds fishing licences, the licences will not be reissued to that corporation upon the expiry of those licences.

• (1620)

[English]

In addition, regulations provide that where there is a change in the controlling interest of a corporation that holds a fishing licence, DFO must be advised of the change within 15 days afterward.

The ownership review requires that the licence-holder and all parent companies that hold a controlling interest in that licence-holder be majority-owned by Canadians. The intent here is to prevent foreign interests from establishing effective control over licence-holders in the offshore.

While on the east coast offshore licences are issued to companies, which can designate various vessels to fish the licence, on the west coast, a vessel-based licensing regime is used. In that case, when there is a change of vessel ownership, DFO requires a notice of change of ownership documentation from Transport Canada to indicate the vessel owner or owners on record and Canadian vessel registration. A similar 15-day time limit for this notification is set out in regulation.

[Translation]

With respect to offshore licence transfers, licences are not, strictly speaking, transferable. That is, licences are not generally considered as property, and so cannot be legally sold or bequeathed. However, the Minister does have discretion to reissue a fishing licence held by one licence holder to another harvester, upon request from the licence holder and agreement from the potential recipient.

[English]

In those cases, officials conduct a review for Canadian ownership of the transferring party, as described. As well, the minister takes into account any land claims obligations that could be relevant to the request of transfer. Finally, the minister has broad discretion to consider the broader public interest in making any decisions related to a request for a licence transfer.

With respect to quota transfers, there are two varieties: temporary and permanent. In the case of temporary quota transfers, those being in-season transfers from one harvester to another, officials ensure that the transferring party and transferee have mutually agreed on the amount to be transferred, that all licence fees have been paid to the Crown, and that the transferring party has the quota available to support the transaction. This type of transfer terminates at the end of the fishing season, at which point quotas are allocated anew in light of available catch and the fishery's sharing scheme.

With respect to requests for the permanent transfer of quota attached to offshore licences, officials conduct a review for Canadian ownership that mirrors the process for licence transfers, and ensures, among other things, that all fees and fines have been paid. Finally, if the proposed permanent transfer would alter the agreed-to quota-sharing arrangement for a given fishery, the department consults with industry on the proposed transaction.

With respect to commercial versus communal commercial licences, these two forms of licence exist under different regulations, the former under the Atlantic fishery regulations and the latter under the aboriginal communal fishing licences regulations.

Technically speaking, there is no transfer from one type of licence to another. Rather, a harvester would have to notify the department of the licence relinquishment, and then the department would have to receive a separate request for a commercial communal licence.

The request to establish a new ACFLR licence provokes a review as enabled by section 8 of the fishery (general) regulations. Communal commercial licences can only be issued to "aboriginal organizations", as described in the regulation, rather than to an individual or a company, as in the case of commercial licences in Atlantic Canada and Quebec.

I hope the committee finds these brief overview comments useful. We look forward to the committee's questions.

The Chair: Thank you, Mr. Burns.

We'll now start our first round of questioning.

Before I go to Mr. Arnold for six minutes or less, I would remind members to please identify who you want to have answer the question. It will make better use of your time, so to speak.

We'll go to Mr. Arnold for six minutes or less, please.

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

Thank you, Mr. Burns, for the introduction.

My questions will first go to Ms. McCready.

Ms. McCready, some of the recent testimony this committee has heard regarding the state of offshore licences in Canada's fisheries has been troubling, to say the least.

We've heard that corporations are able to hide foreign ownership. Are you aware of this?

• (1625)

Ms. Heather McCready (Director General, Conservation and Protection, Department of Fisheries and Oceans): Thank you very much for the question. I moved to Fisheries and Oceans from Environment and Climate Change Canada about six months, so this is the first time I've been able to appear at a committee. It's a great pleasure to be here.

I've certainly heard the allegations. We discuss that sort of thing internally and determine whether action needs to be taken.

I should be clear that the offshore policy guides the department's decision-making about issuing licences. When it comes to enforcement, Canadian vessels are governed by the Fisheries Act, of course, and foreign vessels are governed by the Coastal Fisheries Protection Act. That's where the enforcement agencies concentrate their work.

When it comes to—

Mr. Mel Arnold: Are those enforcement activities not under your purview, your title?

Ms. Heather McCready: Yes, they absolutely are. Those are the two acts that are in play, that the conservation and protection program enforces.

The offshore and foreign ownership policy that you are referencing guides departmental decision-making. However, providing false and misleading information to the department is an offence under the act. That would be an angle for enforcement on this issue, if it were warranted.

Mr. Mel Arnold: Are you aware of any contraventions of Canada's laws and regulations that govern ownership of offshore fishing licences?

Ms. Heather McCready: I'm not currently aware of any where this is evidence to support pursuing the matter further.

Mr. Mel Arnold: Are you not aware of how corporations might hide foreign ownership?

Ms. Heather McCready: I'm aware of the allegations and I'm aware of how we can look at those things to determine whether there are issues.

People talk about following the money and about looking at the corporate structure. Those are the types of things taken into consideration when a department is making licensing decisions.

Mr. Mel Arnold: If DFO is supposed to uphold the Canadian laws and regulations that govern ownership of offshore fishing licences, and if some foreign owners of offshore licences uphold and abide by our laws and regulations, but others do not and there are cases where there are contraventions of the laws, what is DFO doing to stop them?

Ms. Heather McCready: As I mention again, the policy you're talking about governs departmental decision-making. The offence would be to provide false and misleading information to the department. That's under the Fisheries Act. If we have cases where there's sufficient evidence to pursue a prosecution or other enforcement action, we would take that action. I'm not currently aware of any cases where we have that sort of evidence.

Mr. Mel Arnold: Okay, thank you.

We know that DFO regulates fishing licences on our Atlantic and Pacific coasts in two different ways or manners. In the Pacific region, does DFO have any tools in place to stop a foreign entity from buying any Canadian corporation that owns access rights to Canada's fisheries resources?

Mr. Adam Burns: Mr. Arnold, I'd be happy to take that question.

You're absolutely correct. There are different policies in place on the east and west coasts. In the case of the west coast, the review by the department related to any licence transfer is linked to that vessel registration with Transport Canada, and not the particular ownership structure of the entity to which the licence would be issued.

Mr. Mel Arnold: So there are differences from coast to coast. Could you clarify a little further whether that's DFO—or did you say Transport Canada?

Mr. Adam Burns: It's a DFO policy in terms of the differences on the east and west coasts related to ownership structure. On the west coast, when a transfer request is made, it relates to a change in the ownership of the vessel. We would need to see that change in ownership of the vessel, and that paperwork would need to be submitted to Transport Canada, and then be provided to us.

Mr. Mel Arnold: Does DFO work closely with Transport Canada on those?

Mr. Adam Burns: It's not really a "DFO to Transport Canada" discussion. The particular vessel owner would need to provide the documentation to DFO demonstrating that that change in registration has occurred with Transport Canada.

Mr. Mel Arnold: Okay, thank you.

Are you aware of any foreign crews allowed to fish...Canadian licences?

Mr. Adam Burns: I actually do not have the answer to that, sir. My colleague David Whorley may have the answer. I can seek to get an answer for you, if not.

• (1630)

Mr. Mel Arnold: I can ask Mr. Whorley that question or ask that we be provided that answer as soon as possible. We only have limited time left with the House sitting, so time is certainly important.

Mr. David Whorley (Director, National Licensing Operations, Department of Fisheries and Oceans): On that question, I think probably the easiest thing to do is to follow up with the committee.

Mr. Mel Arnold: Thank you very much.

If a captain cannot find enough Canadian crew to operate a vessel under these licences, does DFO allow the captain to employ temporary foreign workers to fill that crew?

Mr. Adam Burns: I will have to put that in the same category in terms of the specifics. I know that temporary foreign workers are certainly used within the processing sector. On this particular issue I'm not directly aware of the answer.

Actually...I've just found the correct information, sir. I can tell you now that DFO's concern relates to the licence-holders themselves and not the crew. So if those individuals were legally entitled to work in Canada, then they could do so.

Mr. Mel Arnold: Are they not like other licences—

The Chair: Thank you, Mr. Arnold.

We'll now go to Mr. Battiste for six minutes or less, please.

Mr. Jaime Battiste (Sydney—Victoria, Lib.): Thank you, Mr. Chair.

I'd like to start off my questions with Mr. Whorley.

The focus of this study is on the transfer of corporate offshore licences. I'd like to lay some groundwork on the topic before we move forward.

Could you describe step by step the process and level of review undertaken by your department and staff before making a recommendation on whether a transfer should be authorized?

Mr. David Whorley: Sure.

If we're looking at a licence transfer and at the question of ownership, there are a few things. Typically, licensing officers will request a set of information, as well as an information attestation from a lawyer. The kind of information that would be requested would be things like the certificate of incorporation or the articles of incorporation showing the ownership structure of a company. With respect to that attestation, there's a requirement to prove that the applicant or that the respective recipient meets the Canadian ownership rules. The kinds of materials that you could get there would be things like individuals who have beneficial ownership—say, greater than 10% of the shares in an organization—the individual shareholders, the individuals that have significant control with respect to the prospective licence holder.

That review looks at not only the narrow sense of the prospective recipient but also the complete corporate structure, so you move through the entire structure to ensure that that 51% is met. When you get to about that point and the officer or the executive that's overseeing that is satisfied with it, then you've met the ownership responsibilities, and the transaction would go ahead, assuming that all other fees and fines are paid and that all the other regulatory considerations are met. That's kind of a quick overview of the kinds of ownership reviews that you'd do.

Mr. Jaime Battiste: Okay.

I want to pivot to some of the concerns that we've heard during the testimony, specifically that there may be foreign or foreign-backed entities that are using whatever methods to inflate, manipulate or control prices at the wharf to the detriment of Canadian enterprise.

On the other hand, my understanding is that the DFO's jurisdiction in these instances largely ends once the fish reach the wharf and exit the harvesting side of the equation, at which point the buying and processing is primarily under provincial jurisdiction.

My questions would be this: Is my understanding correct that the buying and processing side is primarily provincial jurisdiction?

Mr. David Whorley: That's correct. The DFO's responsibility basically ends as the fish enter the chain of commerce.

Mr. Jaime Battiste: If that is correct and if interference were occurring, whether or not it is, in your opinion, where in the DFO's jurisdiction can the department intercede on behalf of Canadians, or is this primarily a question of provincial governments?

• (1635)

Mr. David Whorley: If you're looking downstream in that stream of commerce, yes, it falls into the provincial category. I think, on the upstream side of that, the ownership considerations are the things that I've set out. I think this committee is well versed on the inshore regulations and the old PIIFCAF model. In that respect, there is the search for controlling agreements as they were under PIIFCAF. That's a slightly different area from what I think you're asking about. Once you get into the processing side and the chain of commerce, that really falls under provincial jurisdiction.

Mr. Jaime Battiste: Lastly—and I'll open this up to the other witnesses—do you presently believe that interference is occurring, and if so, at what frequency and at what level of severity?

Mr. David Whorley: I'm happy to start off with that, unless, Adam, you want to field that.

Mr. Adam Burns: It doesn't really matter. I actually was going to suggest that that's more of an enforcement question, so it may be most appropriate to pass to Heather McCready.

Ms. Heather McCready: Thanks, Adam.

I can't comment on any ongoing cases. We don't have any concluded cases that I could speak about with you here, so it's tough for me to answer that question and give you any numbers. I am aware that there are allegations and that people believe that there are some problems.

Mr. Jaime Battiste: Mr. Whorley, do you want to chime in on that, or is it just because there are ongoing cases that you can't tell this committee?

Mr. David Whorley: I think that I'd only be speculating. With respect to the ownership question, on the downstream processing side, I'm not sure. With respect to the ownership on the licensing side, I think that we do that review, and we set a bar that's fairly stringent for transfers and recipients to get over on that side. I would only be guessing if I were to try to come up with the kind of figure you're looking for. I think I'd defer to Heather McCready.

Mr. Jaime Battiste: I don't think I have much time, but if at all possible, I'd love to know how you communicate that with the fishermen across the Atlantic on these situations that are causing a lot of anxiety and fear. However, I know you can't get to that right now.

The Chair: Thank you, Mr. Battiste.

We'll now go to Madame Gill for six minutes or less, please.

[*Translation*]

Mrs. Marilène Gill (Manicouagan, BQ): Thank you, Mr. Chair.

I would like to thank all the witnesses for joining us today to answer our questions.

I share many of the concerns that Mr. Arnold mentioned earlier and at the last meeting of this committee.

Mention was made of the distinctions between the policies and regulations in effect in the east, meaning the Atlantic provinces and Quebec, and in the west. I would like to know the principles on which those distinctions are based.

[*English*]

The Chair: Pardon, Madame Gill—

[*Translation*]

Mrs. Marilène Gill: There was a technical problem. I apologize for that, Mr. Chair.

So let me start again.

I would like to thank all the witnesses for joining us today to answer our questions.

I was saying that I had similar concerns to those expressed by Mr. Arnold, and we have shared interests. I am wondering about the distinctions between the policies and regulations in effect in the Pacific provinces, in the Atlantic provinces and in Quebec. I would like to know the principles on which those distinctions are based.

The witnesses can frame their answers in a number of ways. I do not know who can answer my question, whether it's Ms. McCready, Mr. Burns or Mr. Whorley, but I invite each of them to do so, if possible.

[English]

Mr. Adam Burns: Mr. Chair, I can begin in responding to those questions.

The structure of the fishery has evolved differently on the east coast than on the west coast. On the east coast, we have an offshore fleet and a separate inshore fleet, whereas that structure and approach has not been employed on the west coast.

While on the east coast we license individuals or corporations and companies under our commercial licensing regime, on the west coast it's largely, anyway, a vessel-based licensing regime. Because of that, the policy frame that backs that up is different. The focus of our review on the west coast is the ownership of a vessel and the registration of that vessel with Transport Canada; and the focus on the east coast is the corporation to whom the licence is issued directly.

As a result of that evolution of two different approaches on the two coasts over time, the policy approach has also developed differently, and necessarily differently, in the sense that it needs to be established to support a different approach to the licensing regime.

• (1640)

[Translation]

Mrs. Marilène Gill: Thank you.

When Mr. Whorley was asked about the number of offshore licences issued in Eastern Canada, he mentioned 97 licences, I believe

Is that correct, Mr. Whorley?

[English]

Mr. David Whorley: Yes. It was in the opening comments. There are 97 licences.

[Translation]

Mrs. Marilène Gill: You then mentioned, and I believe Mr. Burns did too, the whole issue around licence renewal. You talked about licences not being reissued when they expire, if a company comes under foreign control.

I would like to know the number of licences held by companies where more than 49% of the shares are under foreign control, with the result that the licences will not be renewed in the future.

Do you know that or not? Do you need more information and, if so, how are you able to get it?

[English]

Mr. Adam Burns: Mr. Chair, I can attempt to respond to that question.

Of the 97 offshore licences, what I was referring to is if there is a change in their corporate structure. At this moment in time, to our knowledge, all 97 licences meet the Canadian ownership requirements.

If there is a change in their ownership structure, the requirement is that they notify the department within 15 days. If they did not meet the 51% Canadian ownership requirement, a licence would not be renewed for that company.

[Translation]

Mrs. Marilène Gill: I would like to ask a question about that.

You are telling us that all those companies meet the requirements. But, if I go by the questions that have been asked, there seems to be some degree of uncertainty, but that no one really knows. From what I gather, there is perhaps a way to get around the requirement to communicate all the documentation required to show that the company is under Canadian control.

Despite having issued those 97 licences, do you have any reasonable concern that some companies do not currently meet the requirements?

[English]

Mr. Adam Burns: No, we don't have such a concern. Certainly these requirements are in place. These are established companies, largely, which that very much, by and large, behave responsibly.

That said, our enforcement operations do provide that additional assurance to us. We know that if there were issues that warranted further action on their part, as Heather McCready noted, they would.

Our view of the Canadian ownership of those 97 offshore licences is that they do all currently meet the Canadian ownership requirements, which is 51%.

The Chair: Thank you, Madam Gill.

We'll now go to Mr. Johns for six minutes or less, please.

Mr. Gord Johns (Courtenay—Alberni, NDP): Thank you for your testimony.

Does the department look at each species—each fishery, for example—and look at what the maximum community benefit is and if there are leakages that are going to foreign entities? Does it look at ways to improve and plug the gaps?

• (1645)

Mr. Adam Burns: When it comes to the offshore fishery.... I'm not sure if you were specifically referring to offshore licences.

Mr. Gord Johns: Sure, I mean both offshore and the processing.

Mr. Adam Burns: In terms of processing, with the provincial jurisdiction there I wouldn't be able to speak to any sort of analysis that provincial governments may do related to processing rules and regulations within their jurisdictions.

In terms of the offshore licensing regime, offshore licences are just that: They're operating offshore. Their link is different from inshore licences in terms of the policies we look at. The primary focus on our offshore licences in terms of that economic review is linked to that Canadian ownership and ensuring that they are majority Canadian-owned and meet the 51% requirement.

Mr. Gord Johns: Are you saying there's no coordinated effort with the provinces in terms of an overall strategy?

We heard testimony here about Royal Greenland profiting \$52 million. They bought the second- and fourth-highest processors on the east coast. I would assume that's a pretty big economic leakage. In terms of beneficial agreements, there are ways to navigate through to impact the harvesters.

What is the government doing about it? Have other countries taken action to reduce the foreign ownership and the leakage that's happening right now on both coasts?

Mr. Adam Burns: In terms of fishing licences and fishing operations, they are all majority Canadian-owned.

The ownership of processing is provincial jurisdiction. The department does, of course, work with provincial governments, recognizing their jurisdiction. We do work closely with provincial governments on a variety of issues through the Canadian Council of Fisheries and Aquaculture Ministers.

I would note that different provinces have different regimes governing—

Mr. Gord Johns: I guess other countries must have different regimes. I can't think of another country that would allow this type of foreign ownership and leakage that's happening with its fisheries.

Are you looking at what other countries are doing and working with the provinces so that you can end this leakage and actually ensure that money's staying in our communities instead of leaving to foreign corporate entities? That's what's happening.

Mr. Adam Burns: Certainly, in terms of the fishing licences and that aspect of things, we are confident that they are majority Canadian-owned in all cases.

In terms of the processing sector and the ownership of those corporations and those operations, the rules are different from province to province and—

Mr. Gord Johns: Do you agree that they're interconnected?

Mr. Adam Burns: Well, it is true that the processing sector is part of—

Mr. Gord Johns: I'm just flagging that, because I think the department needs to take some leadership to work with the provinces so that we can plug those economic leakages.

You talked about both coasts. It's been raised here multiple times that it's like we live in two different countries. Why isn't the government following through with the study that was presented to the minister from 2019—two years ago last month—around, obviously, dealing with foreign ownership and transfers on the west coast and a public registry for west coast fishers? I think that Canadians would expect that they should be able to know who owns the quota.

Mr. Adam Burns: Certainly, the department is working on those issues on the west coast. I don't have specific responses or further answers to give you in terms of what possible future policy responses might be considered at this point, but certainly, the department is obviously aware of the committee's report and is assessing that.

Mr. Gord Johns: We've heard this, though. We have been hearing this for two years now. This committee has heard that the gov-

ernment is reviewing and looking at it. In the meantime, fishers are getting squeezed.

We saw what's happening to a lot of fishers. Some of them are paying 90% of their catch to slipper skippers. That's just unacceptable. That money is leaving their hands. We have seven super-trawlers right now on the west coast catching about 100,000 pounds a day. These vessels are heading, gutting, freezing on board. They're in B.C. They're trying to get temporary foreign workers on to the boats. Basically, we're going to have foreign fishing fleets if we continue down this path. They're technically not called processors but they're basically doing a bunch of the processing and they're shipping to Asia for the rest of it. We're losing tens of millions of dollars.

What are you doing to stop that? What are you going to do to ensure that the people on board those boats are Canadians and that we're actually processing with Canadians on board?

• (1650)

Mr. Adam Burns: I will say, Chair, that this isn't an area that I have direct linkage in terms of the work that's being led from our policy and regional offices. Unfortunately, I don't have—

Mr. Gord Johns: Is the department raising concerns with Immigration in terms of the concerns around this?

Mr. Adam Burns: Unfortunately, I don't have specific responses. I came prepared on the offshore study. I do apologize for that.

Mr. Gord Johns: Okay. Well, we saw how Royal Greenland is circumnavigating the Investment Canada Act. They're buying up smaller companies and they're adding to it.

What is the department doing to communicate with the other departments about ensuring that the processing side...? We know there are lots of opportunities for those controlling agreements to impact those fishers out on the water. I understand you say it's provincial, but there is a federal role and there has to be some sort of communication between the departments.

The Chair: Thank you, Mr. Johns. Your time has gone way over.

If there is an answer to that, I would ask the witnesses to submit it in writing over the next day or so.

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

Mr. Dan Mazier (Dauphin—Swan River—Neepawa, CPC): Thank you, Chair, and thank you to the witnesses for coming out this afternoon.

Mr. Burns, we heard a lot of concern from the witnesses at the last committee meeting on foreign ownership of Canadian fisheries. What protection does the department offer to limit foreign takeovers of Canadian fisheries?

Mr. Adam Burns: For companies to whom offshore licences are issued, there is the 51% Canadian ownership requirement and the rules around notifying the department when there's a change in that corporate structure. If a company is not able to meet that Canadian ownership requirement, they would be ineligible to receive a licence. Licences are issued annually, so at the point of their "renewal"—I'll use my quotation marks; our lawyers don't like it when I talk about renewal—that is, the reissuance of the licence, that is a moment where that licence would not be reissued if the company were not to be 51% Canadian owned.

Mr. Dan Mazier: Okay. Very good.

The Canadian Independent Fish Harvesters Federation told this committee, "Access to the fishery by these vertically integrated and foreign multinationals threatens our coastal communities whose livelihoods depend on the economic vibrancy of the fishery." What safeguards are in place to ensure that Canadians and coastal communities are the beneficiaries of the Canadian fisheries?

Mr. Adam Burns: In terms of the offshore licensing regime, I would go back to that 51% Canadian ownership requirement that is a key piece there. Not to speak for the federation, but they may also have been speaking about inshore licenses. In that instance, we have the inshore regulations that ensure that fishing licences must be issued to individuals who maintain the rights and privileges of the control of that licence. With that we have residency requirements that would then require them to be a resident of Atlantic Canada or Quebec to be eligible to hold that licence.

Mr. Dan Mazier: Does the DFO consider economic impacts on coastal communities in its regulatory approval of corporate offshore licences and quota transfer transactions?

Mr. Adam Burns: The nature of offshore licences is such that the operations often occur throughout Atlantic Canada and Quebec. That's why our focus is on the Canadian ownership status of the company to whom that licence is issued, as opposed to the specific community. This is unlike inshore licences, which do have residency requirements because they are more directly linked to a specific community.

Mr. Dan Mazier: That's basically around the ownership. Are there any other factors to consider in that?

Mr. Adam Burns: The inshore fishery is 100% Canadian-owned because of the requirements in the inshore regulations that I described. In the offshore sector, each of those licences is issued to a company that is at least 51% Canadian-owned. I should note that requirement and that corporate structure aren't just related to the entity to whom the licence is being issued, but it's throughout the entire corporate structure, all the way to the top, if you will, and all elements of that corporate structure need to meet that 51% Canadian ownership requirement.

• (1655)

Mr. Dan Mazier: How do you prove that 51%? Who does all of that work? Is that DFO? Explain that process a little bit to me.

Mr. Adam Burns: The ownership of these companies is a matter of public record, so that would be the means by which...and the requirement around that 15-day notification if that structure is changed.

Mr. Dan Mazier: When the report is done, how do you prove that it's at 51%. Is it because it's public? Does DFO sign off at the end of the day and say, yes, that's 51? Do they look at the public [*Technical difficulty—Editor*] of everybody to prove that this is actually factual at the end of the day?

Mr. Adam Burns: We would look at the public registry information related to the ownership of the company. Obviously there are legal requirements around the truthfulness of those reportings.

Mr. Dan Mazier: Does DFO monitor the economic benefits flowing to coastal communities from offshore commercial fishing activities? If so, how?

Mr. Adam Burns: Certainly socio-economic considerations do play into the minister's decision-making. It's prescribed right in the Fisheries Act legislation that that's a legitimate consideration for the minister. We have economic analysts who work on those sorts of things. When the minister is making any type of decision, she would seek, amongst other things, an analysis of the impacts on coastal communities.

Mr. Dan Mazier: Is that information shared with the communities?

The Chair: Thank you, Mr. Mazier.

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

Mr. Robert Morrissey (Egmont, Lib.): Thank you, Chair. There may be an issue with my Internet connection. If there is, you can just move to somebody else.

My first question, Mr. Burns, is about one of the issues that has caused a lot of concern within the east coast inshore fishery, namely the recent sale of Clearwater. Could you advise this committee if there is any way that Clearwater corporation, as currently structured, could acquire any inshore fishing licences that are now issued under the owner-operator policy?

Mr. Adam Burns: Your question is if they could acquire new inshore licences. The answer would be that any inshore licence subject to the inshore regulations that is currently in the hands of an independent core harvester could not be reissued to Clearwater or to any other—

Mr. Robert Morrissey: Corporate identity.

Mr. Adam Burns: —corporate entity. That's correct.

Mr. Robert Morrissey: That's clear for the record then. Any corporation that is licensed to fish in the offshore would not be able to acquire inshore licences that are governed under the owner-operator regulation and policy.

Mr. Adam Burns: That would be under the inshore regulations, so it would be a regulatory requirement that would prescribe the eligibility.

Mr. Robert Morrissey: Another question that concerned the inshore fleet was, could these offshore licences be changed to any other categories? Could they be broken down and reissued as inshore ones? For instance, if we take the offshore lobster, could those licences be changed from offshore to inshore lobster licences?

Mr. Adam Burns: In a technical sense, I don't believe so.

First of all, we have our fleet separation policies. Secondly, the location of the fishery is such that I don't think an inshore vessel would be able to safely navigate and undertake fishing in those offshore areas.

Mr. Robert Morrissey: No, Mr. Burns, that was not my question.

My question was on access to offshore lobsters through licences or quotas. Could the status of those licences, which are held corporately, be changed to inshore lobster fishing licences?

Mr. Adam Burns: The answer, generally, is no. That would partly be because those offshore licences are specifically attributed to the offshore fishing area, which would be reasonably inaccessible to 65-foot or less vessels.

Mr. Robert Morrissey: I'm not talking about the vessel. Don't use the vessel.

I'm strictly speaking about access to the species and the resource. Obviously, if you came inshore, you would use a different vessel. We all know inshore fleets cannot fish offshore. That's why they're not offshore.

My question was about access to these lucrative offshore licences, primarily lobster. Could any corporation that has access to offshore lobster fishing rights through quotas or licences convert those licences to inshore licences, and then pursue an inshore lobster fishery under the same terms as those currently licenced?

• (1700)

Mr. Adam Burns: No, because those licences only afford access to that offshore area.

Mr. Robert Morrissey: That's important.

Could you also clarify the following as well? In an earlier question, I believe you alluded to the fact that when a licence is transferred from one corporate identity to another, there's still some due diligence done by the department when it's transferred at that stage. However, you said that at a certain stage, you could not interfere again until the licence is permanently transferred.

When a licence is transferred to a corporation, is there a timeline on it? What may trigger a review of that licence?

Mr. Adam Burns: What I was referring to there is that if we were to be notified by a corporate licence holder that its corporate structure had changed and that it was no longer 51% Canadian, the licence holder would become ineligible to have a licence reissued. At the time its current licence expired, a new one would need to be reissued; however, the licence holder wouldn't be eligible to receive it, so it wouldn't be issued.

Mr. Robert Morrissey: I believe you referred to a permanent licence transfer. What do you define as "permanent"? Permanent to me seems like a long time. It's permanent.

Mr. Adam Burns: In my opening remarks, I was referring to a permanent quota transfer, as opposed to a permanent licence transfer. All licence transfers are permanent.

Mr. Robert Morrissey: Well then, that's fine. They go to a permanent quota transfer. What do you mean? What's "permanent"? Define "permanent". It sounds like a heck of a long time.

Mr. Adam Burns: It's probably a poor use of words.

Mr. Robert Morrissey: Could you clarify, then, your poor use of words?

Mr. Adam Burns: The difference would be that a temporary quota transfer would be for one season only. The permanent one would effectively be permanently moving some of that quota from one licence to another—so each year that it's reissued.

If I have 100 tonnes of something, for example, and somebody else has 100 tonnes, in certain fisheries the rules would permit me to transfer a portion of my quota, let's say 10 tonnes, to that other licence holder, either temporarily for this year only, or permanently, so that going forward, I would have 90 tonnes, and that other licence holder would have 110.

The Chair: Thank you, Mr. Morrissey.

We'll now go to Madame Gill, for two and a half minutes or less, please.

[*Translation*]

Mrs. Marilène Gill: Thank you, Mr. Chair.

I would like to ask about something we were told at the last meeting. Despite what we're hearing now, witnesses were telling us about difficulties in applying policies and regulations because of the lack of resources. They were saying that it makes the work of the department difficult. These were people in the business.

Do you think that that is the case?

Just now, we were told two things at the same time. First, we were told that is not possible to get around the regulations and, second, we were told that people are concerned that some do succeed in getting around them. Then again, we are told that everything is overseen and everything is going well, while, at the last meeting, we were told there are a lot of difficulties with oversight and that resources are inadequate. In a word, a lot of things have gone by the board. For 40 years, blind eyes have been turned to things that are actually happening.

What is your opinion, Mr. Burns, Ms. McCready or Mr. Whorley?

[*English*]

Mr. Adam Burns: Thanks for the question.

Prior to the coming into force of the inshore regulations, we were working with a policy, which is a different beast to implement. We now have the inshore regulations, which are, I think, what folks were referring to when they were referencing resources. The difference we now have—and this isn't related to the offshore—is that those inshore regulations prescribe licence eligibility related to being an independent inshore harvester and maintaining the rights and privileges of that licence themselves. There's an eligibility requirement in order to have a licence issued to you. If you are not compliant with the eligibility requirements, a licence cannot be issued to you.

In the prior circumstance, with PIIFCAF, that wasn't the case. It wasn't a regulatory eligibility requirement but rather a policy, and so the timelines were much more protracted. It is true that some harvesters would be under review, which is what it was called under PIIFCAF, for an extended period of time.

Under the inshore regulations, if there is a question around eligibility and around the separation of those rights and privileges from the licence-holder, then that licence-holder would need to demonstrate their compliance with the regulations before a licence could be reissued to them. The moment their licence expired, their ability to fish would cease until they rectified that and a new licence was issued.

• (1705)

The Chair: Thank you, Madam Gill.

We'll now go to Mr. Johns for two and a half minutes.

Mr. Gord Johns: Thank you, Mr. Chair.

There are a couple of things.

Madam Gill, I think, summed it up by talking about turning a blind eye. My concern is that here we hear the department. Two years ago we got the report about stopping the transfer of foreign licences on the west coast. There's been no action so far. We want a public database so we can even know who owns the quota. I don't think this is rocket science; I think it's something that Canadians deserve to know.

If the government doesn't take action on these really important clear steps that this committee was united behind, if government doesn't have a backbone, basically we're going to lose all our fisheries to corporate and foreign interests. Do you not agree?

Mr. Adam Burns: Chair, unfortunately I don't have much of a response.

I do apologize, Mr. Johns.

Mr. Gord Johns: We haven't seen any action. I'm just reinforcing that. You're here, and you haven't gotten any answers. It's been two years. We're looking at the U.S.-based Pacific Group, for example, on the west coast, which bought up the processing. Our fishers are getting half of the amount per pound that goes to fishers in Oregon and Washington, just to give an example.

I think the department really needs to do a socio-economic analysis of each fishery and plug these economic leakages. You haven't brought any sort of idea that the government's looking at that, that they're working in conjunction with the provinces.

What is the department recommending to the minister? Is this something that you're looking at?

Mr. Adam Burns: Sorry, just for—

Mr. Gord Johns: I mean both coasts. We're seeing the leakage on the east coast in the processing, just to clarify.

Mr. Adam Burns: With respect to the processing sector on the east coast, certainly discussions on a variety of things relating to the management of the fishery occur at the Canadian Council of Fisheries and Aquaculture Ministers, in collaboration with their provincial counterparts. It is their jurisdiction. It's outside of DFO's juris-

diction to intervene in the ownership structure of processing companies.

Mr. Gord Johns: So DFO is saying that it's not their problem, that economically it could just be happening? Harvesters are basically getting robbed blind on both coasts and it's not the department's issue? It's not their issue—is that what you are saying?

Mr. Adam Burns: It's not within our jurisdiction to intervene in provincial jurisdictions. We don't have the tools—they exist in provincial jurisdictions—to regulate the processing sector.

Mr. Gord Johns: That sounds like a big breakdown.

The Chair: Thank you, Mr. Johns.

Not to pick up for Mr. Burns, but processing on the east coast is totally provincial. If it's the same on the west coast, the feds don't get involved in the processing at all on the east coast. It's done provincially.

Mr. Arnold, go ahead for five minutes or less, please.

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

Mr. Burns, I'll start with you this time around. In the Pacific region, DFO created [*Inaudible—Editor*] class licences to support indigenous harvesters. What percentage of those licences are in long-term control agreements with investors, processors or foreign interests?

Mr. Adam Burns: I don't have that number. I'm not sure that we could provide it. I could work with my colleagues in the Pacific region. I wouldn't even want to speculate if the answer would be greater than zero.

• (1710)

Mr. Mel Arnold: The reason I ask this is that we've been told that indigenous harvesters have to go through processors to access most of these licences.

Is this concerning to you?

Mr. Adam Burns: Again, I don't have specific details around this particular issue.

Mr. Mel Arnold: Do you have any information on it? If you don't, it's troubling that we would know about it as committee members, but you, as senior DFO officials, have no knowledge of it.

That's concerning to me and I think concerning to this entire committee.

Mr. Adam Burns: It would be a matter that is managed by our DFO regional colleagues in the Pacific region.

Mr. Mel Arnold: It's not your purview, then.

Mr. Adam Burns: That's correct. I understood that the study today was related to the offshore, so that's what we came with prepared items on, but I'm happy to get you the necessary response to your question.

Mr. Mel Arnold: Thank you.

I'll turn to Ms. McCready now.

Many B.C. fishermen feel that they have no choice but to sign co-venture agreements. Recently, one such fisherman passed away and his family thought the fishing quota identified in his will would go to family members, but the co-venture agreement actually gave it all to the processor.

How do we reform these agreements involving DFO fishing licences and quota so that there can be equity and equality for Canadian harvesters and their partners?

Ms. Heather McCready: Thank you for the question, but I'm not sure if that's really an enforcement question.

I run the conservation and protection program, which enforces the laws that the DFO puts in place. It's not my area of responsibility to be changing laws or policies.

I'm not sure if any of my other colleagues have an answer or some thoughts on that.

Mr. Adam Burns: Mr. Chair, it is definitely true that the policy regime on the east coast and west coast are different. I don't have the specifics of the case you're referring to and wouldn't want to speculate on the particulars of a particular case without looking at it in its entirety.

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

Could you tell us what the current level of foreign investment is in Canadian offshore fisheries? If you have to break that down to the east coast, because you say that's what you've come prepared with, please do so.

Mr. Adam Burns: In fact, there are only east coast offshore fisheries. Such a class of licence doesn't exist on the west coast. I don't have the particular percentage of Canadian ownership of each of the 97 licences, other than to say that in all cases, all 97 are greater than 51% Canadian owned.

Mr. Mel Arnold: Thank you.

In the context of the 2019 study on west coast fisheries, the committee recommended that the federal government establish a public online database that includes information on the beneficial holder of all fishing quotas and licences, as well as all sales and leasing of quota and licence holdings.

In the government's response to the report, that recommendation was not addressed, though it did note that it will begin consultations on issues raised in the report. These consultations have been delayed by COVID-19.

Should a public registry be required for east coast offshore fisheries to increase the transparency on quota licence ownership and transactions?

Mr. Adam Burns: That would be a question for the government. I wouldn't want to speak to that.

In particular, what I can say is that our policy around the 51% Canadian ownership is strictly enforced and, of course, the ownership structure of public companies is publicly available.

The Chair: Thank you, Mr. Arnold.

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

[*Translation*]

Mr. Serge Cormier (Acadie—Bathurst, Lib.): Good evening.

My thanks to all the witnesses for joining us today.

I am going to turn to Mr. Burns and continue along the same lines as my colleagues, on the subject of foreign interests, which have an ever greater presence in our country.

Mr. Burns, you are probably aware that the fishery is going well in our regions. Quotas are up. The resources are there, both lobster and crab, and the prices are currently extremely good. The concern is that more and more companies are coming into our regions and offering fishers ridiculous prices. They are sometimes offering two or three dollars per pound more for crab or lobster.

I fully understand that the provinces are responsible for processing those products. However, before they arrive at the wharf, they are still a resource that belongs to Canadians, for which the Government of Canada is responsible.

Do you know a company called Royal Greenland, which has an ever greater presence in our region? It has made some offers for shrimp, in Quebec and in Newfoundland, if I'm not mistaken. On the wharf this year, it was even paying two dollars to four dollars more per pound for both lobster and crab.

I don't need to spell out the consequences of that practice for you. Our fishers are going to sell their product to those companies, including Royal Greenland, which is subsidized by the government of Denmark. If those companies operate in our region and are offering prices like that, our fishers are going to sell their products to them. We will then have problems when they take control of the market.

I could name a number of other companies, such as Champlain Financial Corporation, which is buying up more and more plants in our region.

Are you aware of those investments and of the presence of those companies that are also subsidized by the government of Denmark?

What are you doing to make sure that our fishing industry stays in our coastal communities, as you said earlier?

• (1715)

[*English*]

Mr. Adam Burns: In terms of a response to ensure that Canadian licences remain in our coastal communities, certainly the inshore regulations and the 51% Canadian ownership requirement for offshore licences ensure that and achieve that objective within the licences themselves.

In terms of the processing sector, as mentioned, it is outside of our jurisdiction. We don't have any jurisdictional space to regulate the processing sector itself. That would be outside of DFO's—

Mr. Serge Cormier: I understand that, Mr. Burns, but let me put it this way. Before they're taken to the processing sector, these resources belong to Canadians. Royal Greenland is backed by the Danish government. Companies like that are coming here on our wharfs and offering higher prices than the market can pay for it. If we just let this resource be processed by them, sometimes in New Brunswick, sometimes in Quebec and sometimes elsewhere, after a while, when they take control of all of this, it will create some kind of monopoly. We will have lost all our industry in our region.

Are you doing something right now? Are you monitoring this company or other investors who want to come to New Brunswick and do business like that?

Mr. Adam Burns: In terms of the processing sector, that's outside of DFO's jurisdiction. It's a provincial jurisdictional question.

Mr. Serge Cormier: Mr. Burns, I understand what you're saying, but when it comes to companies like Royal Greenland, again, backed by the Danish government, are you aware of these companies that are coming to Canada and trying to have control over our fisheries? You stated earlier that it's important to have the licences stay in our communities. Yes, the licence is one thing, but if the resource goes everywhere but in our communities, and the prices go so low as compared with now, what will we do 10 years from now?

Mr. Adam Burns: Inshore regulations would prohibit inshore licence-holders from passing any of the rights and privileges related to their licence to any processing company, including one that may be owned by Royal Greenland. That requirement of maintaining the rights and privileges with the licence-holder would prevent that licence from entering into control by a processing company. In fact, the licence-holder's eligibility would end should that occur.

Mr. Serge Cormier: So basically—

The Chair: Thank you, Mr. Cormier.

Mr. Serge Cormier: Thank you, Mr. Burns, for your answer.

The Chair: I want to thank our witnesses, Mr. Burns, Ms. McCready and Mr. Whorley, for being here today and providing much-valued testimony.

We're now going to suspend for a couple minutes while we change to our next panel of witnesses. Then we'll get to some statements and questions.

We'll suspend for a moment.

• (1715) _____ (Pause) _____

• (1720)

The Chair: I now call the meeting back to order.

I would just like to make a few comments for our next slot of witnesses. When you are ready to speak, click on the microphone icon to activate your microphone. When you are not speaking, your microphone should be on mute. When speaking, please speak slowly and clearly.

I would like to welcome our second panel of witnesses.

From the Maritime Fishermen's Union, we have Mr. Martin Mallet, executive director; from Regroupement des pêcheurs professionnels du Sud de la Gaspésie, Claire Canet, project officer; and

from the Unified Fisheries Conservation Alliance, Colin Sproul, president.

We will now hear opening remarks from Mr. Mallet for five minutes or less, please.

Mr. Martin Mallet (Executive Director, Maritime Fishermen's Union): Thank you, Mr. Chair.

Good afternoon.

Thank you on behalf of the Maritime Fishermen's Union for giving us the opportunity to speak today. Our organization represents over 1,300 independent inshore owner-operator fishermen in New Brunswick and Nova Scotia.

We are grateful that all parties supported changes to the Fisheries Act, protecting owner-operators and fleet separation in legislation with the purpose of keeping Atlantic Canada's public resources in the hands of fishers in their communities, and protecting the inshore fisheries from corporate control and influence.

However, we are still very much at risk of losing our fisheries from other angles.

In recent years, mom-and-pop and family-run and community-based fishing and processing enterprises have been on the international menu to be bought and agglomerated by large corporate interests owned by foreign nationals or out-of-province investors. Whereas locally run enterprises would reinvest most of their business revenues within their community and province of origin, large-scale corporations are interested in profits for shareholders, not sustainable rural communities that depend on a local fishery's resources.

There are more and more examples of foreign ownership takeovers of our marine resources and benefits across Canada. On the east coast, we can cite, for example, Royal Greenland in Newfoundland and Quebec, Thai Union in New Brunswick, Clearwater in Nova Scotia with the recent involvement of the Premium Brands Holdings component and, as was mentioned earlier by Monsieur Cormier, Champlain Investment in New Brunswick and Nova Scotia—and the list goes on.

For today's presentation, I'll use the example of the Champlain Capital company, based out of the U.S., but with an affiliate company, which is the Champlain Financial Corporation out of Montreal, to illustrate the concerns since 2017.

Champlain has taken control of eight processing plants in small rural communities across New Brunswick and Nova Scotia. Officially, this investment group has tried to promote the positive impact of this merger for the regions by stating the creation of more opportunities for synergies and reduction of costs, as well as the development of new products.

However, it is also the creation of a monopoly, with the potential of creating an uneven business environment for the remaining local processing plants, potentially driving them out business to remove competition, and opening the door to fix the price of fish for local fishermen. Furthermore, dividends from local businesses that would have generally remained in the communities to the benefit of other supporting businesses and community members now go to out-of-province and international shareholders.

Also, will they shut down some of the less efficient plants in order to improve profits to further consolidate and improve bottom lines? To this question, the answer is “yes”. For example, back in 2020, one of their recently bought plants in eastern New Brunswick burned down and was never rebuilt. Instead, they reinvested in their other processing facilities, thus consolidating and improving company profits at the expense of the community that lost their plant. Most of the 150 plant workers when the plant burned that day lost their jobs—in a small coastal community where the fisheries sector is the main employer.

In closing, our organization supports the need in our industry for appropriate access to capital for continued maintenance and growth of the fishing and processing sectors. However, there is an urgent need, number one, for an effective set of strategies for the monitoring and hedging of foreign national interests in our public marine resources. Maybe a working group of federal and provincial governments, industry and economic, financial and legal experts could be struck to do a thorough study of the situation and develop strategic options to address the issues. Currently, and as stated in the presentation by DFO just before mine, the present DFO and provincial management fisheries structures do not have the tools necessary to address foreign ownership control issues of our Canadian fisheries resources and benefits.

The second point I want to raise is the need for appropriate financial aid programs to support intergenerational transfers of owner-operator fishing licences to new entrants, but also, incentives to support processing sector businesses so that they can remain locally owned and operated. However, even the best programs here will not be able to compete with the deep pockets of international corporations.

• (1725)

Finally, our public fisheries resources must be considered as part of our Canadian national interest and food security priorities. Currently, they are being taken away from Canadians at an alarming rate. This issue has to become a priority for our elected officials and policy makers.

Thank you. I'm looking forward to your questions.

The Chair: Thank you, Mr. Mallet.

We'll now go to Madame Canet for five minutes or less, please.

[*Translation*]

Ms. Claire Canet (Project Officer, Regroupement des pêcheurs professionnels du Sud de la Gaspésie): Thank you very much, Mr. Chair.

Distinguished members of the committee, thank you for hearing the testimony today from the Regroupement des pêcheurs profes-

sionnels du sud de la Gaspésie, which represents 148 lobster fishers.

The coastal communities of the Gaspé depend heavily on the commercial fisheries, including the lobster fishery, for their economic well-being. Lobster fishing represents employment for almost 600 people.

In Quebec, seafood processing plants, which depend on the catch in order to operate, employ 3,500 people. In 2019, commercial fishing in Quebec, which includes fishing by First Nations groups, represents a total value on the wharf of \$378 million. Lobster harvesting in the Gaspé represents 24% of that total value.

No less than 80% of that catch in Quebec is exported, with 20% remaining in Canada. However, when we look at the corporate structures, such as Clearwater or Royal Greenland Québec, the percentage of the catch that is exported is clearly greater. For example, Royal Greenland, which owns the processing plant in Matane, makes offers on the wharf to guarantee itself as much of the catch as possible, as Mr. Cormier pointed out earlier. The company exports 95% of the catch to Europe or the United States, leaving only 5% of the seafood products harvested here to feed Quebecers and Canadians.

In 2019 and 2021, Royal Greenland used the techniques that Mr. Cormier mentioned. These are very alarming for the health and vitality of our Canadian processing plants, which provide the fishers with a number of buyers.

In its annual report for 2019, Clearwater emphasized that its main market was export. Indeed, more than 90% of its sales are made abroad. Its strategy is to continue to benefit from its wide range of species, its scope on the world market, and its customer base to generate profitable growth and broaden its sales through new markets and outlets. For example, we can point to its association with Premium Brands in increasing productivity and reducing costs. These are the input costs, of course, meaning the price paid for the catch. This generates higher margins because of the vertical integration of its global supply chain.

Royal Greenland and Clearwater are two examples of foreign companies becoming involved in processing and therefore in the fisheries themselves. This also applies to Canadian companies with a strategy of vertical integration focused overseas. This has a direct impact on Canada's food security, because the amount exported is clearly greater than normal exports by companies that are local and wholly Canadian.

Clearwater and Premium Brands are actually not holders of commercial inshore fishing licences. As we have heard from the Department of Fisheries and Oceans, the DFO, these companies cannot obtain inshore fishing licences. However, Clearwater is now 50% owned by a number of First Nations groups, who themselves own several dozen commercial inshore fishing licences. These are communal licences, so the protection afforded by the new owner-operator regulations does not apply since these licences are communal.

By a twisted logic, communal-commercial fishing licences, both current and future, that commercialize the catch owned by those First Nations groups, do not protect the licence holders. This runs counter to the spirit of the regulations and to the protection of our resource for the benefit of the fishers and of Canadians.

In a situation where access to the fishery by First Nations is increasing in order to allow them to achieve a moderate livelihood, we cannot but see an increase in the number of communal licences. This will result in more control over, and commercial sales of, vulnerable catches. This will be the result unless the DFO ensures that all fishing licences that allow the catch to be sold commercially enjoy the same protection.

• (1730)

To us, it seems fanciful to believe that these companies, such as Clearwater, which are part of a strategy of vertical integration and control over fishery markets, do not see an opportunity in unprotected access to an increasing number of commercial communal fishing licences and in the catches that result.

With the corporatization of the fisheries, without safeguards, we will clearly be seeing an erosion of the scope of the Coastal Fisheries Protection Regulations, which also provide protection to owner-operators. In addition, an increasing number of commercial fishing licences will be exposed to takeover by a small number of companies.

The corporatization of fisheries through vertical integration and private investment serves only to pay dividends to a few shareholders— individuals, families or foreign governments, as in the case of Royal Greenland—rather than having the profits pass to coastal communities as the priority.

Without anyone noticing—

[*English*]

The Chair: Excuse me, Ms. Canet.

[*Translation*]

Ms. Claire Canet: Yes, Mr. Chair.

[*English*]

The Chair: I'm going to have to cut you off there. We've gone over the time.

We do have the submitted copy of your statement. All members will have access to that.

I want to go on now to Mr. Sproul for five minutes or less, please.

Mr. Colin Sproul (President, Unified Fisheries Conservation Alliance): Good evening, Chair and honourable committee members.

Thank you for the opportunity to appear tonight.

The Unified Fisheries Conservation Alliance is a newly formed alliance of commercial fishery stakeholders calling on the Government of Canada to establish clear, lasting, responsible regulatory oversight for all fisheries: commercial, food, social and ceremonial.

Established in 2020, the UFCA represents thousands of independent, multi-species commercial fishermen and fishery associations from across the Maritimes. Our membership also includes small to medium-sized businesses that are directly or indirectly tied to the Atlantic Canadian commercial fishery. For thousands of Atlantic Canadians who work on boats, wharves, processing plants and throughout the supply chain, the commercial fishery is their livelihood. For rural communities and governments, the fisheries represent jobs, a tax base and economic impact that helps to provide vital services for all residents.

Unfortunately, regulatory uncertainty is causing anxiety and concern amongst fishers and other industry stakeholders over the long-term sustainability and prosperity of the industry. Clear rules, regulations, compliance and enforcement are needed.

We want to work with the Government of Canada and first nations to inform and understand viewpoints and ultimately establish regulatory certainty. Our members reject all forms of racism, intolerance and violence and believe that there is a path to move beyond the controversies and heated rhetoric of recent months to a positive outcome for all. The UFCA believes that indigenous and non-indigenous fishermen can work side by side, like they do today in the commercial fishery. We recognize and acknowledge the importance of co-operation with indigenous communities and that indigenous fishermen have a right to fish for commercial, food, social and ceremonial purposes.

Just as commercial fisheries operate today, there is room for diversity. There can be differences within allocation structures, administration and process; however, rules must ultimately and clearly form part of an integrated set of regulations that can serve fishery resources for generations to come and ensure a fair and respectful fishery for all.

Tonight I would like to discuss the imminent Clearwater Seafoods deal and its risks for coastal communities.

The current framework of the deal represents a tremendous missed opportunity for further integration of indigenous fishers into Atlantic fisheries and reconciliation in our communities. It picks winners and losers amongst first nations and further divides indigenous and non-indigenous fishing communities needlessly. There is a better way, and it starts with open dialogue and an end to secret deals at DFO. Communities adjacent to resources deserve a voice in decisions made in Ottawa, and when they are excluded from the conversation, they invariably lose.

We have serious concerns surrounding the proposed framework for the deal, including the lack of protection from the future potential for transfer of ownership of Canada's natural resources to a foreign entity, threats to the owner-operator policy, needless concentration of fishing efforts and others. Clearwater's monopolized lobster fishing area alone is larger than all lobster fishing areas of Nova Scotia combined. The current deal would exclude all fishers but one giant factory-style ship from this huge economic potential, including a majority of Nova Scotia's first nations and all moderate livelihood fishers.

What should be of equal importance to this committee is the fact the current deal would surely pit Mi'kmaq against Inuit in a battle for access to valuable northern shrimp and fish quotas. This fact could be a motivator for the deal and must be explored in more detail. It would be difficult not to view Clearwater's recent outreach to include indigenous partners as a response to the government's rightful decision to abide by the principles of adjacency to a resource in fisheries management and take a portion of the company's valuable quotas and deliver them to northern communities, both indigenous and non-indigenous.

It is beyond belief that the current government can ignore the potential for this fishery access to aid in the integration of moderate livelihood fishers. While it may be possible for the politicians involved on all sides of this deal to consider it a purely business transaction, it is surely not viewed that way in fishing communities across Atlantic Canada. The reality is that what's best for indigenous fishers, the people out on the water trying to make a living, is also the best for our members. What's best for a large corporation seldom is. It is high time for government to unite us along these lines instead of dividing us. All communities can benefit from these resources if their voices are allowed to be heard.

I'm anxious to give more details on a better way forward.

Honourable members, thank you. I invite your questions.

• (1735)

The Chair: Thank you for that. You're just almost exactly on time, which I love to see.

We'll now go to the round of questioning, starting with Mr. Arnold for six minutes or less, please.

Mr. Mel Arnold: Thank you, Mr. Chair. I want to thank the witnesses for what I think is their fairly honest testimony here today.

Mr. Mallet, thank you for your references to how this is affecting processing, consolidation, centralization, and so on. It reminds me very much of what I've seen happen in British Columbia with our sawmill wood-processing situations out there. We've had Canadian

companies with U.S. interests tire of the Canadian tax regime and the oppressive culture here and spend their investment dollars in the U.S. rather than reinvest in Canada, so we've lost out opportunities for Canadian workers, Canadian jobs and Canadian revenue.

Could you elaborate a little more on what you've seen? I believe it was you who talked about the one plant that did not reopen and how many jobs were affected there because of this centralization, which is maybe what we'll call it.

• (1740)

Mr. Martin Mallet: Again, I'll give you a few more examples, but I want to reiterate that I really don't have many solutions to the issues that are currently being raised today and have been in the last few weeks by this committee. I think this is a first step, and there needs to be a thorough study done by a group of experts to come back with some more details and potential solutions.

It seems to me, from my perspective in New Brunswick and Nova Scotia, that in some areas where the value of the licences and fishing enterprises have been increasing phenomenally in the last 10 years, such as the inshore lobster fishery in areas of New Brunswick, all of a sudden over the last five years there's been a lot more interest from "outside of province" interests and international interests. They buy into the local corporate processing sector and agglomerate these plants, which in some cases can be bought for a few million dollars.

It's still early in the game in some areas where maybe it's not too late to try to turn back the scene, but in some areas across Nova Scotia and on the west coast, particularly in B.C., there are flagrant examples of corporate international investments, and they need solutions.

Mr. Mel Arnold: Thank you.

Maybe I'll ask each of the three of you to give a somewhat brief answer to this next question. Does it appear to you that either the department or government would rather get rid of the inshore licences and the small processors and so on in favour of not necessarily just one, but larger organizations and corporations, because it might be easier for them to manage?

Ms. Claire Canet: If I may, it is difficult to speculate on the intentions of the government or of DFO. But certainly what we have been seeing on the ground and how the fisheries and the fishermen's organizations have been treated and the lack of socio-economic studies and socio-economic competence from DFO would tend to suggest that it would be a lot easier for them to deal with only one or two big corporations and get rid of inshore fishermen. But again, it is difficult to speculate on the intentions of a government or the ministry.

Mr. Mel Arnold: Thank you.

Mr. Sproul.

Mr. Colin Sproul: Like Ms. Canet, I find it difficult to speculate on the intentions of the government, particularly when we're very often excluded from them. But I will tell you that that is certainly the view of my members in Atlantic Canada.

Mr. Mel Arnold: Thank you.

I know that the time is very short. On that piece of it, then, one of the questions I wanted to get to is this. Do you feel there has been adequate consultation and information provided to your organizations as to the transfer of licences and in light of the Clearwater deal? Please provide a brief answer if you can.

Mr. Colin Sproul: I'm just going to pass it to Claire.

Ms. Claire Canet: From the Quebec point of view, there has been no information and no consultation at all about it. However, this is a deal that concerns first nations in other provinces—in British Columbia and Nova Scotia. Martin may be aware of consultations. I'm not aware of any.

Mr. Mel Arnold: Thank you.

Mr. Mallet, I see you have your hand up.

Mr. Martin Mallet: I'm not aware of any consultations with industry representatives. We heard from the department and the minister's office that it was in Minister Jordan's hands and that they were currently exploring the question.

Mr. Mel Arnold: It really seems that there's been very little consultation for Canadian processors to be able to provide Canadian products to Canadian consumers.

If you have anything further to add, please provide it to the committee, because I recognize that the chair is going to tell me that my time is up.

• (1745)

The Chair: You're absolutely correct.

If you could provide it in writing so that the committee could have a look at it, we'd appreciate it. That's if we don't have a chance to hear it.

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

[*Translation*]

Mr. Serge Cormier: Thank you, Mr. Chair.

Good afternoon to all the witnesses, including Mr. Mallet and Mr. Sproul, from the Atlantic provinces, and my neighbour across the bay, Ms. Canet.

Mr. Mallet, I want to go back to the Clearwater situation. We have had an explanation from departmental officials. I would like to know what you are afraid of in that transaction, so we can understand the problem. I think we got a fairly full picture from the officials. They seemed to be saying that everything is done according to the standards.

What are you afraid of?

I want to get a sense of the scope of this. I know you talked about first nations. You have concerns that they may be disadvantaged.

Could you give us a summary of the situation?

Mr. Martin Mallet: I can answer briefly, and then I can turn it over to Ms. Canet.

The nature of the agreement is a little strange. No one is able to explain to us why the licences are to be transferred to a secondary entity owned by the first nations. We would like to have a clear and simple explanation.

Ms. Canet, you have the floor.

Ms. Claire Canet: A number of aspects actually seem unusual to us. The transfer of licences to first nations is one example.

Another unusual aspect is the vertical consolidation of a number of the fisheries. As I explained in my testimony, many of the commercial communal licences are held by groups that are 50% shareholders in Clearwater. Clearly there is a conflict of interest in terms of where those catches go. Vertical integration will limit access to the catch for Canadians.

The other aspect is that we will end up in a buyer's monopoly, where the more access buyers have to the landings, the more power they will have. They will therefore decide on the landing prices for the fishers. This will put the fishers in a vulnerable position.

Mr. Serge Cormier: Thank you.

[*English*]

Maybe I could go to Mr. Sproul on that, just quickly. Then I have a couple more questions.

Mr. Colin Sproul: I think there are a lot of questions around the ownership. One of the most important things we should examine is a comparison of the value versus the costs paid into this. We see by the \$750 million-\$250 million split in a fifty-fifty partnership....

In an inshore fishing business, we all recognize that the key asset in the fishery is access to the fishery. When you look at the ownership stake of Premium Seafoods owning the depreciating onshore assets, and the coalition of first nations owning the access to the fishery, we're left wondering if there's a level to the agreement that's not visible to the department. I think there's due diligence on the department's behalf to find that out.

Mr. Serge Cormier: Okay. Good. Thank you.

Mr. Mallet, just to go back, I know I've been quoted a lot in terms of being the one who has named this company, Royal Greenland, a lot, but look, I think I'm not the only one who faces this challenge. As you know, in this region this year I received a lot of phone calls from fishermen and producers that they were present on the wharf and were offering a lot of money to fishermen for their catch.

DFO officials seem to have said that it is maybe more of a provincial issue, but at the end of the day, as I said, the resource belongs to Canadians. I think we will have a huge problem if we let that happen with a company like Royal Greenland, which is backed by the Danish government. Everybody is thinking about it.

What do you think the department should do about that? It will be a huge problem if we lose the industry that we've built over many years in our communities. What do you think we should do about this?

• (1750)

Mr. Martin Mallet: Well, for starters, I can't think of any other country that would enable some corporate entities owned by other countries to come into their fisheries and own processing plants and quotas. I think there should be special consideration done here to these types of international interests. As I said in my statement, I think that the fisheries resources in Canada should be considered a strategic Canadian resource and should be connected with some special rules to protect this resource for Canadians.

Mr. Serge Cormier: Mr. Sproul, you have your hand up.

Mr. Colin Sproul: I think the question that begs answering is why 49% of a Canadian resource should be allowed to be owned by a foreign entity. I think that we should explore the history of how that came to be in Canada and why it can't be changed.

Mr. Serge Cormier: Mr. Mallet, did you have those concerns raised with you at your association by fishermen in the region—about Royal Greenland this year and the previous year?

Mr. Martin Mallet: Yes, and I mean... We have to say that in New Brunswick it's not much of an issue at this point because they've been mostly doing their progression in Quebec and Newfoundland, but they have been extremely aggressive in the past 10 years, acquiring over the years many quota shares and plants. In the case of Newfoundland, our colleagues from the FFAW would be better placed to state how it has really affected their capacity up there to have an appropriate price for their fish because they have created such a monopoly.

[Translation]

Mr. Serge Cormier: Ms. Canet, I know that in your region—

[English]

The Chair: Thank you, Mr. Cormier.

Mr. Serge Cormier: Thank you, Mr. Chair.

The Chair: We'll now go to Madame Gill for six minutes or less, please.

[Translation]

Mrs. Marilène Gill: Thank you, Mr. Chair.

My thanks to all the witnesses for joining us today.

I think there is a concern about this issue. Earlier, we talked to people in the department, and they didn't see what concerns we might have about the situation and how the regulations can be twisted to put companies under foreign control. So I'm glad to hear the testimony of the witnesses, which shows the opposite. In fact, it is worrisome, but we must find solutions, as Mr. Mallet mentioned. We have to find strategies to counter what is happening now. We are very aware of that.

I have questions for all the witnesses, but I'll start with Ms. Canet, who talked about the lack of socio-economic knowledge and understanding on the part of the Department of Fisheries and Oceans.

Ms. Canet, could you elaborate on the negative impact on our coastal communities, on food sovereignty, and on our resources, as Mr. Cormier mentioned?

Ms. Claire Canet: Thank you for the question.

At no time in the last few years have we been aware of any socio-economic impact studies conducted by DFO on decisions they may have made, whether it be, for example, in the management of the right whale—where our regional county municipality (RCM) lost \$9.5 million when the fishery was closed—or the exclusion of communal licences from owner-operator protection, or even vertical integration agreements, such as the one with Clearwater.

The impact is indirect, but it will happen and it will affect the prices paid to fishers. For example, in the lobster market, we can't negotiate our prices right now. Fishers land their catches and a week later they find out how much they will be paid. When you have a buyer's monopoly, where companies like Clearwater and Champlain come in and take control of the purchases, the fishers, who are supposed to have full power to independently reap the benefits of operating a fishing licence, are in a position where they can no longer reap those benefits because they have no power.

The DFO has never examined this socio-economic aspect, which is an integral part of operating a licence. The DFO has no knowledge of the socio-economic environment in which fishers operate their licences.

• (1755)

Mrs. Marilène Gill: Thank you, Ms. Canet.

Earlier, we talked about an economic sector in our communities potentially disappearing in favour of larger companies and foreign companies. I am concerned about that as well. I have to tell you that I find the government very unresponsive to all the studies we conduct in this committee. Public servants report to the government, of course, but I think the same applies more or less. My observation is that the government is not proactive either.

Mr. Mallet, you talked about a strategy. If it's not up to the departmental officials, who are not concerned at all, and it's not up to the government, then who is it up to? What do you suggest?

We are parliamentarians, and some of us are in government, but some of us are not. What can we do on our side to go further and faster to better meet the needs of the sector?

I addressed my question to Mr. Mallet, but of course Ms. Canet and Mr. Sproul can answer as well.

Mr. Martin Mallet: Clearly, the departmental officials who gave the presentations before us are not equipped to look at the value and the socio-economic importance of our fisheries to our east coast and west coast regions. They are not equipped to work with the provinces and deal with the foreign interests that are buying up our processing capacity in our small coastal regions.

How do we solve this problem? I don't think it can be done today, when we are just beginning to address it and open the discussion. A panel of experts definitely needs to do a thorough study of the issue, the problems and the potential solutions. As Mr. Sproul mentioned, this must, of course, be done transparently and in full co-operation with the industry.

Ms. Claire Canet: Another avenue could be explored, that of giving the Department of Fisheries and Oceans an effective socio-economic mandate by giving it the means to manage these aspects of the fishery. Since 1993, the DFO has had no real socio-economic mandate.

Yet inshore fishers are the largest employer in Canada's coastal regions. In spite of that, no department has jurisdiction to study and manage this largest employer. The fishery is still worth over \$7 billion in revenue to Canada, but neither the DFO nor any other department has a mandate in this area. If a department were to take an interest in the socio-economic aspects of the fishery and what the sector represents, it would be a big step forward.

[English]

The Chair: Thank you, Madame Gill.

We'll now go to Mr. Johns for six minutes or less, please.

Mr. Gord Johns: Thank you, as well as to all the witnesses for their really important testimony.

Maybe I'll start with you, Mr. Mallet. You heard the previous round, I take it, from the bureaucrats at the DFO. It seems that they're just passing the buck when it comes to any sort of federal authority on the processing. They're washing their hands of it and saying, "Hey, this is provincial." Do you think that they should be let off the hook, or do you think that the federal government actually has a role to play?

Mr. Martin Mallet: Oh, absolutely, I think the federal government has a huge role to play, especially where.... I mean, these international corporate interests are within federal jurisdiction when it comes to protecting our national interests in the fisheries or agriculture, or whatever industry that we want to delve in. I think it has a responsibility to move on this. It has a responsibility to build the foundations that are needed to collaborate properly with the provinces. The minister or the PMO needs to give the department

the mandate, if that's the problem, that it needs to do the work that's needed.

• (1800)

Mr. Gord Johns: I really appreciate that.

I think you also touched on other countries, as I did in my earlier round with the department, and Ms. Canet, as well, touched on that. Can you think of another country that sells out its fisheries like we do in Canada?

Ms. Claire Canet: If I may, I've lived in New Zealand for 14 years in the South Island.

In 2000, there was the beginning of a process of granting greater access to fisheries to Maori groups, and rightly so. What I have seen, however, is that within 10 years is that all of the licences were then held through a Maori corporation, which was then bought at 50% by the Japanese. All of the fish now fished by the biggest New Zealand fishing corporation goes to Japan. Though I was living in the second biggest city in New Zealand, I could not get one fish that was fished here in New Zealand, and the cost of it was prohibitive.

Mr. Gord Johns: Thank you. That's just another example of foreign companies preying on countries where they have lax rules.

Mr. Mallet, can you speak about the importance of the Government of Canada working in collaboration with the provinces and taking a whole-of-economy kind of socio-economic approach to looking at our fisheries, identifying any leakages and doing everything they need to do to close those leakages?

Mr. Martin Mallet: Absolutely. The responsibility needs to be shared with the provinces, but as I mentioned earlier, there needs to be a mandate because if there's no mandate, we'll get the same response in a year or in 10 years from now with the next generation of bureaucrats. This is a clear and present danger now. It was mostly on the west coast for the past 30 years, but it's now on the east coast, with the example of Royal Greenland in particular, which is flagrant. It is completely unacceptable here in Canada to have this going on, but it's as if the sky is blue and the sun is shining over us right now when you talk to these bureaucrats.

Mr. Gord Johns: Do you think it's the government's role and responsibility to protect coastal communities to ensure that it does everything it can to make sure the profits stay in our communities? When you hear of \$52 million in profits for Royal Greenland, I mean, that money is coming out of the hands of fishers. Do you not see and agree with that?

Mr. Martin Mallet: At the end of the day, if we want to have small coastal communities that are vibrant and survive into the future, we need to have these fishing industries thriving in these areas and the benefits of the resource going back into these areas to the benefit of the coastal provinces that need these fisheries. That has to be done in collaboration with the provinces, and again, I think that a proper study should be done. It may take a little bit of time, but it needs to be done now before it's too late.

Mr. Gord Johns: I guess my question is whether the government is making this a priority.

Mr. Sproul, you've obviously heard about sharing risks and benefits on the west coast. We made a simple request of the government for a public registry of foreign ownership of quota, and we can't even get that. It's been two years. All that we keep hearing from the government is that they're taking a look at it. Do you think the government is really serious about taking this on?

Mr. Colin Sproul: I think it's important to recognize that companies like Premium Seafoods are at the core of the destruction of coastal communities in British Columbia, and the conglomeration of fishery access into the hands of a few corporations has really damaged coastal communities. The government certainly has a duty not to follow that path in Atlantic Canada.

I think there's a bigger question, Mr. Johns, and it's that this deal is not economically, socially or environmentally just, and the comments previously that inshore fishermen are not capable of accessing these grounds belie the truth that there is an amassed fishing fleet on the line that divides the inshore from Clearwater's offshore lobster monopoly, and those fishermen can see Clearwater's offshore lobster fishing vessel from that point. There is the potential here for moderate livelihood integration on this deal, and it needs to be examined.

Mr. Gord Johns: How much time do I have, Mr. Chair?

The Chair: You have 30 seconds.

• (1805)

Mr. Gord Johns: Ms. Canet, you talked about an approach by government that might be able to take to look at socio-economic opportunities and leakages. Can you share just a little bit of perspective on how government could improve in terms of plugging these leakages?

Ms. Claire Canet: With just 30 seconds available now, I may need to give you a written answer to be thorough and precise.

How could it plug it? If I may, Mr. Chair, I would like to respond in writing to that question to be appropriate.

The Chair: I'm sure that would be appreciated by the committee members.

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

Mr. Dan Mazier: Thank you, Chair, and thank you to the witnesses today for coming out. This is really good testimony.

Mr. Sproul, at the previous committee meeting on this study, we heard from a vice-president at Clearwater, who stated that the topic of moderate livelihood fishing is entirely separate from the Clearwater transaction.

In your view, is there any potential impact of the Clearwater transaction on the issue of moderate livelihood fishing?

Mr. Colin Sproul: Most certainly there is. When my members and I heard that there was the potential for the sale of Clearwater fishery access, we were elated, because we assumed that the government would buy that access and convert it to moderate livelihood fishery access. I think at the height of a fishery crisis in Atlantic Canada, this tremendous opportunity presented itself, and the

government turned a blind eye to it. The truth is that there is a tremendous economic potential in Clearwater's offshore lobster monopoly, and the opening of adjacent LFAs to that area would reduce fishing pressure in the inshore and open a tremendous area for moderate livelihood fishing, whilst at the same time building acceptance among the commercial fishing industry for the integration of indigenous people. It would be a win-win for all communities in Nova Scotia. It might not be a win-win for politicians involved in this deal, but I think it's important to point out that it can still happen that way and that it would be mutually beneficial to indigenous and non-indigenous fishermen.

The lobster access was granted to swordfishermen in the 1970s because of the mercury crisis and was broken up into many different licences; and since then, because of manipulation of policy and lobbying, they've been conglomerated onto one vessel, which to my knowledge, has no indigenous fishermen aboard it. That one profit-driven enterprise would replace the potential for hundreds of jobs in the moderate livelihood fishery.

I find it beyond belief that Minister Jordan would ignore that potential.

Mr. Dan Mazier: Wow. Thank you for that.

To Mr. Sproul again. I know that the Unified Fisheries Conservation Alliance has written to the minister on multiple occasions to raise concerns relating to the future of Canadian fisheries. Do you feel that the minister is listening to the views of the UFCA and to the fishermen that your organization represents?

Mr. Colin Sproul: I would say absolutely not. That's my view, and it's the view of my members, and as proof, I would point out that the minister appeared before the Senate standing committee last night and said that very thing. She was quite proud of the fact that she'd had zero consultation on the deal with the commercial fishing industry. As I said in my earlier statement, when communities adjacent to resources lack a voice in regulatory regimes around them, they invariably lose, be they indigenous or non-indigenous. I think it's important to point out that what's best for indigenous leaders may not be best for indigenous fishermen. I'm concerned about the outcomes for fishermen on the water.

Mr. Dan Mazier: Okay. Thank you.

This is for anybody. I guess we can start with the others. Can you expand on the effect we could expect, in principle, if the principle of owner-operator is weakened and not enforced? We'll start with the others and go from there, because you've spoken enough already, Mr. Sproul.

Mr. Martin Mallet: I can make a few comments on that. I think we have an example on the west coast, where they have not set up the same protections as we've had on the east coast to protect the owner-operator concept and principles. Today, their fishery is mostly owned by corporate entities and owners of the resource or licences and quotas that don't operate the vessels. You get less benefit at the end of the day for the communities and the survival of these communities all along our coasts when the benefits of these resources are concentrated into a few hands and pockets instead of spreading it out to captains and crews.

• (1810)

Mr. Dan Mazier: Ms. Canet, do you have any comment on that?

Ms. Claire Canet: Yes. One of the core issues relating to the protection of owner-operators is that we are protecting a diversity of independent enterprises. When we don't protect that and that socio-economic fabric, and instead go into corporatization in the hands of one, two or three big groups, automatically we then see another economical logic going into it. That is not new: We had the Robin's company in Quebec for 100 years, and other companies. Today, we are facing the same situation where, if the fabric of multiple small, independent enterprises fishing our waters is not protected, then we go into the logic of having two or three big companies with other economic interests. It goes quickly, and the clear example is what happened, unfortunately, in British Columbia.

The Chair: Thank you.

Mr. Morrissey will now finish it off.

You have five minutes or less, please.

Mr. Robert Morrissey: Thank you, Chair. I will be splitting my time with Mr. Cormier.

To the witnesses, I want to compliment all three of you. I was very impressed with the testimony you gave. You articulated very well the situation facing the east coast fishery. We all know who loses—fishers, in the long term, at the shore price when you have corporate consolidation. In the buying area, they have to recover their investments. They recover it through reducing the price to fishers for the raw resource. That is a tried-and-true corporate philosophy and policy. It won't be any different in this case. We have to be vigilant.

I have just one question before I turn it over to my colleague. The issue that we as a government have to be vigilant on, in ensuring that our first nations communities, who fought so long to get access to the fishery and to communal fishing licences, is that those communal licences must remain within the ownership and control of the first nations communities who have them.

Am I correct, Martin, Mr. Sproul and Ms. Canet?

Mr. Martin Mallet: I think you mentioned two very important words there, Mr. Morrissey, those being “ownership” and “control”. The second word is the most important. This is another area of concern right now. Through the new Fisheries Act and the protection for owner-operators that came with it, there really needs to be a look at what is protecting first nations from the same corporatization and international interests coming in and controlling first nations' assets down the road.

I would strongly suggest that these conversations also happen with indigenous communities to see if they have any options or ideas concerning this situation, which eventually will happen.

Mr. Colin Sproul: I think the ownership of resources is what this all boils down to. The deal clearly creates a path for the removal of ownership from indigenous people in the future. If the government cares about economic outcomes and about social outcomes for indigenous fisheries in Atlantic Canada, they will develop a way to deliver this access to individual fishermen on the water, for their benefit.

Mr. Robert Morrissey: Mr. Cormier will continue, Mr. Chair.

Mr. Serge Cormier: Thank you, Mr. Morrissey.

Mr. Mallet—this is not because you're my favourite, but you are from my province—you said earlier that licences are at a high price right now. For crab it's around \$12 million or \$15 million, and for lobster it's \$1 million or \$1.5 million. When I see licences leaving my province and leaving my area, it's troubling to me.

Is there anything we can do to stop that? I know that the residence criteria are all different within different provinces. What do you think we should do to stop that?

[*Translation*]

The new Fisheries Act was about fleet separation and protecting owner-operators, but I think the spirit of the act was also to keep these licences in our communities so that they would not only benefit the fishers, but also the communities.

What should we do to stop the licences from being sold to other provinces and to foreign interests?

• (1815)

Mr. Martin Mallet: The answer is not easy, Mr. Cormier. For some years now, we have been asking ourselves what we can do to encourage fishermen to sell their licences to family members or to people in the community, particularly through programs. In fact, at the Maritime Fishermen's Union, or MFU, we are working on programs to support newcomers to the fishery.

At the same time, all of a sudden, funding and capital is coming in from outside the province, and it's not clear where that money is coming from. Sometimes it's resources or levels of investment that make no sense in terms of the real value of the business. It's money that comes from companies with very deep pockets that are eager to scoop up control of the resource for various reasons.

So there really needs to be a thorough study of the whole issue of foreign interests in general, as mentioned earlier, but also how to ensure that the assets remain in the smaller regions.

Mr. Serge Cormier: Do you think that the Fisheries Act could be amended to prevent foreign takeovers and to ensure that the assets do not leave our regions and our provinces?

Mr. Martin Mallet: It is possible.

The provinces clearly have a responsibility to have a structure in place to protect those assets. They also need to provide the resources to be able to analyze the issue and find solutions.

Mr. Serge Cormier: Thank you very much.

I think my time is almost up.

Ms. Canet, would you like to add anything briefly?

Ms. Claire Canet: One of the things that could be added to the Fisheries Act is the economics of the fishery as applied to licence holders. This is not in the Fisheries Act, of course, because the Department of Fisheries and Oceans does not have an economic mandate. So it is important to include the economic aspects of the fishery in the Fisheries Act.

Mr. Serge Cormier: Thank you very much.

That answers my questions. Thank you for joining us this evening. I very much appreciate it.

[*English*]

The Chair: Thank you, Mr. Cormier. That was only a few seconds over on the five minutes.

That absorbs our full time this evening, a little over two hours for our committee meeting.

I want to say a big thank you, of course, to our witnesses: Madame Canet, Mr. Mallet and Mr. Sproul. Again, it was a very informative meeting for our committee as a result of the knowledge you shared with us this evening.

I want to say thank you to committee members, the clerk, the analysts, translation and the interpreters, and everyone involved in making this meeting go as smoothly as it did this evening.

I'll bid everyone good night and call the meeting adjourned.

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