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Chair: Mr. Ken McDonald



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• (1555)

[English]

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

Welcome to meeting number 69 of the House of Commons Standing Committee on Fisheries and Oceans.

This meeting, of course, is taking place in a hybrid format, pursuant to the House order of June 23, 2022.

We will begin today's meeting in public to hear witness testimony. Afterwards, we will switch in camera for the second hour.

As a reminder to all, please address your comments through the chair. Screenshots or taking photos of your screen is not permitted.

In accordance with the committee's routine motion concerning connection tests for witnesses, I am informing the committee that all witnesses have completed the required connection tests in advance of the meeting.

From 3:30 p.m. to 4:30 p.m., we're resuming our study of foreign ownership. Pursuant to Standing Order 108(2) and a motion adopted on January 20, 2022, the committee is resuming its study of foreign ownership and corporate concentration of fishing licences and quota.

I would like to welcome our panel of witnesses. Appearing as an individual, we have Mr. Christensen, professor; representing Aero Trading Co. Ltd., we have Brad Mirau, president and chief executive officer, by video conference; and representing Skipper Otto Community Supported Fishery, we have Ms. Strobel, co-founder and chief executive officer.

Thank you for taking the time to appear today. You will each have up to five minutes for your opening statement.

We'll start with Mr. Christensen, please.

Dr. Villy Christensen (Professor, As an Individual): Mr. Chair and members, thank you for the opportunity to address the committee.

I am a Canadian citizen born in Denmark, where I worked for a decade for the Danish DFO. I spent 10 years with an international research organization, followed by 20 years as a professor at UBC. I'm a fellow of the Royal Society of Canada specializing in ecosystem-based management, notably the combination of ecological, social and economic trade-offs that so often are your headache in FOPO.

I have witnessed the result of a flawed objective for fisheries, which is maximizing economic yield and that fisheries should be managed to maximize profit. On the west coast, DFO has adopted such a policy to make fisheries efficient, leading to easier-to-manage big-scale fleets, to the detriment of local communities. In parallel, management has moved towards individual vessel quotas, which are often made tradeable in the name of efficiency. B.C. is unusual in that there is an almost complete absence of ownership restrictions.

The B.C. halibut fishery has been called the poster child for successful management, but my former Ph.D. student Danielle Edwards documented how processors now control the quota market through leasing and how harvesters now own less than 15% of the quota.

The quota system has enabled investors and corporations to buy more quota, instead of harvesters building new boats and providing livelihood. The system leads to corporate concentration and vertical integration. The price is paid by new generations entering the fishery and by their communities. Many who fish have no choice but to lease quota from a processor, which ties them to selling to that processor at the price offered. Harvesters cannot earn from the fishery to reinvest and maintain their boats. Earnings do not offer a path to quota ownership, nor a path to boat ownership for a crew.

Despite clear socio-economic objectives for fisheries in Canada, there's an almost complete lack of consideration for socio-economic objectives in west coast fisheries. I blame DFO, full stop—not just for the mistakes of the 1990s, but even more for continuing down that road.

The move from owner-operator to corporate dominance has been devastating for fishing communities. Owner-operator fisheries provide livelihood not just for those on board, but for the service industry in coastal communities. It's been argued that seasonal income from fisheries is too low to provide livelihood, but such income is crucial for maintaining coastal communities, where people often have a portfolio of income and do not rely on high income from any one seasonal fishery.

Community-based fisheries serve as magnets for tourism, providing local seafood, jobs and livelihood. That is not considered with policies that make fisheries efficient. Value does not come from exporting raw products or products that can compete with low-cost import, but from value-added processing and marketing. Local value chains provide jobs and income. It really is value-added.

Rural coastal communities are dying throughout B.C. That notably includes first nations losing livelihood and traditional knowledge about fishing. We need to consider fisheries as strategic assets if our rural coastal communities are to survive.

What needs to be done is clear. FOPO pointed the way four years ago in the “West Coast Fisheries” report: Make the owner-operator principle, where only active, independent harvesters are allowed to own licences and quota, a requirement on the west coast, just like it is on the east coast.

It's time to right the ship.

Thank you.

• (1600)

The Chair: Thank you. That was almost dead-on with the time.

We'll now go to Ms. Strobel for five minutes or less, please.

Ms. Sonia Strobel (Co-Founder and Chief Executive Officer, Skipper Otto Community Supported Fishery): Thank you, Mr. Chair and members of the committee, for inviting my testimony today.

My name is Sonia Strobel. I bring a few different perspectives to this study and to the impacts of foreign ownership and corporate concentration of fishing licences and quotas, and I'll try to focus my remarks in areas that haven't been covered by other witnesses already.

The first perspective I bring is that of a fishing family. I married into the fisheries in B.C. over 20 years ago and have witnessed the same struggles that you've heard from other harvesters. We couldn't afford to buy the licences in our family, so now every year my husband leases, and he faces the same uncertainty as thousands of other harvesters who lease licences.

For many, leased licences come with conditions around whom they must sell to and for what price. They take on the lion's share of the risk setting up for the season, yet they have no agency over the market for their catch. Fishing is inherently uncertain but disproportionately so for small-scale, independent harvesters in B.C. Uncertainty around whether or not you'll even be able to fish is something that our friends and colleagues on the east coast inshore fleet never even have to think about. As you've heard from other witnesses, this is in no small part because of the extent of corporate concentration of licences designed to control both the access to the resource and the price.

Some will say that DFO's beneficial ownership survey will provide evidence that there are no monopolies in fishing in Canada, and the survey may indeed make it appear that way, but be careful what conclusions you draw, because the survey is studying the wrong thing. The reality is more nuanced than just who owns a licence or quota on paper. Corporations don't have to own all the

quota to control it, and I can provide a general example of this if we have time during questions. Anyone working with the industry knows this but will be cautious about speaking publicly about it for fear of repercussions.

The point is that, in B.C., even many of the few remaining owner-operators aren't independent. They can't sell their catch to the highest bidder, and they have no agency over their enterprises.

My second perspective is as a seafood consumer. Before marrying into a fishing family, I rarely ate seafood, because it was next to impossible to get local seafood in my coastal community of Vancouver, even though I was watching the offload of some of the most abundant, well-managed seafood in some of the cleanest water in the world.

I later found out that, in Canada, we export about 90% of what we catch, and, at the same time, about 80% of the seafood Canadians consume is imported. The pandemic and subsequent supply chain shocks laid bare just how vulnerable our food system is. It's a simple fact that the average Canadian can scarcely access Canadian seafood, and the seafood they can buy often comes from fisheries with far worse environmental and human rights track records than Canadian seafood. Concentration of licences and quotas into fewer and fewer export-oriented hands is a big part of the problem.

Third, my perspective is as a small business owner. My husband and I started Skipper Otto Community Supported Fishery in 2008 to de-risk fishing for fishing families and to provide direct access to Canadian seafood for Canadians. Since then, we've grown from supplying the fish from one family—my father-in-law, Otto—to supplying the fish from 45 fishing families in B.C. and Nunavut and providing their catch directly to over 8,000 home cooks across the country, from Victoria to Ottawa.

There is significant, growing demand from both the supply side and the demand side of our business. Because of our lean, direct-to-consumer model, we pay fishing families more than they can get anywhere else. As a result, we have more demand from harvesters than we can meet and, because we provide the most fisher-direct, transparent food in Canada, there's huge demand from consumers across the country as well.

Ultimately, what this whole issue of foreign ownership and corporate consolidation comes down to is that the Government of Canada has privatized access to the commons. There's a good reason why we don't privatize, for example, our national parks. They're a common resource for all Canadians. I'm sure big companies could make a fine go of providing services in parks and charging admission, but we don't go for that, because it wouldn't equally benefit all Canadians.

Foreign ownership and corporate concentration of licences and quotas privatizes the commons. It takes away the power of the boots-on-the-deck fishing families, and it de-risks an inherently risky industry for the big players while placing the risk squarely on the shoulders of the little guy.

If we care about retaining the social, cultural and economic benefits of the fisheries in our indigenous, rural and coastal fishing communities, then the Government of Canada must tackle foreign ownership and corporate consolidation alongside a made-in-B.C. fleet separation and owner-operator policy.

Thank you for your time, Mr. Chair and members. I'll be pleased to answer questions.

• (1605)

The Chair: Thank you.

Again, you're just under the time. That's the first time yet.

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

Mr. Brad Mirau (President and Chief Executive Officer, Aero Trading Co. Ltd.): Thank you for allowing me to speak today on foreign ownership and corporate concentration.

My name is Brad Mirau. I'm the president and CEO of Aero Trading, a fish-processing company in B.C. that was established in 1978. We have a plant in Vancouver and one on the north coast near Prince Rupert. I appreciate being able to speak on this, because we are a Canadian company that happens to be foreign-owned, and we also happen to own multiple fishing licences and quotas.

We operate primarily within the small and medium-sized fishing fleets. To give you some idea of the size of our company, we have dealings with as many as 300 independent Canadian fishermen in any given year. Over my 35-year career doing this, I have developed a level of expertise in licensing and quota transactions that has allowed me to help or advise individual fishermen and first nations organizations, as well as some of the industry advisory bodies.

I've seen the industry change immensely over these decades. I should point out that there are very few remaining processing facilities on the B.C. coast, and that many over the last three or four decades have ultimately failed or been consolidated into other existing companies. In Prince Rupert, for example, Aero Trading—we're in Port Edward, actually—is the only remaining full-fledged fish-processing facility that's left. Other people just operate off-loading facilities.

We own a variety of licences and quotas that I feel are integral to our being able to maintain the operation of our processing plants year-round, and we've made these necessary investments not just in licences, but in equipment. We've also always provided financial

assistance to some of our fishermen in order for them to be able to buy licences or upgrade their vessels, as traditional banking arrangements are not always available to them.

The “licence bank” we have created, as it's called, or a “licence pool”, benefits all of our stakeholders, including fishermen, and we think it's a sustainable model, which we are very proud of. In fact, many of our retiring fishermen leave their licences in this pool for us to manage for the other fishermen who still fish for us.

At the plant we operate in the north, where most of our acquiring happens, we also off-load for competitors, many first nations fishermen and the first nations partners we have in the various communities.

I think over the last two or three decades of the industry, the decline of the salmon and herring fisheries sped up the consolidation of processing companies, which is why there is some corporate concentration in these two licence categories, especially herring and salmon. But I think there are some narratives—which I've heard—that also exist around our industry that all fisheries have excessive corporate concentration, and I do not believe this to be the case. I'm happy that studies like the beneficial licence ownership survey are at least starting to get some true aspect of who owns what.

I'm not going to take the position that there shouldn't be any changes to the status quo, but I would hope that while considering any change we use good data and evidence and meaningful consultation with all the affected parties, so that any changes won't continue to harm the various participant groups in the Pacific region.

The main thing I'd like to say is that the licensing system in B.C. has become so complicated and so interconnected—so much more complicated than most people think—that any changes will most certainly require lots of planning and will have significant impacts on many.

I don't profess to know what the threshold for corporate concentration is, but if you look at some of the licence categories, I don't believe there is more than 5% or 10% corporate concentration in a lot of these fisheries. The landscape of licence ownership is changing rapidly. Through PICFI, the first nations community is now becoming one of the larger licence owners in many licence categories. It's important to realize that a lot of these first nations groups are operating through normal, legal companies and have joint ventures with companies such as ours and individual fishermen, so any changes made to the licensing system would have impacts on all parties, including first nations fisheries.

I would be cautious about changes before we know all the impacts, and I would love to be a part of those discussions, because I think I have a lot of information to offer.

Thank you.

• (1610)

The Chair: Thank you. Again, it was under the five-minute mark, so everybody has been good today.

We'll now go to our first round of questions.

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

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

Thank you to the witnesses for taking part in this study.

I'm going to ask the same question of Mr. Christensen and Ms. Strobel.

Since the last similar study in 2019, what progress has the minister made on key recommendations from that study and that report?

Dr. Villy Christensen: None.

Mr. Clifford Small: How about you, Ms. Strobel?

Ms. Sonia Strobel: I would say the same. No progress has been made.

Mr. Clifford Small: What key recommendations in that study have yet to be addressed that really need to be addressed, in your opinion?

Dr. Villy Christensen: I think the most crucial one is the one that talks about the owner-operator requirement for B.C., the made-in-B.C. solution.

Mr. Clifford Small: If this situation exists as you've laid it out for us, if that's actually the case—and I'm just trying to be a little bit impartial here—how do we walk it backwards and turn it into something that works for coastal communities and fishing families?

Ms. Sonia Strobel: I think fleet separation is an important first step. It was the first step on the east coast as well, to separate processing licences from fishing licences. It boggles my mind that we haven't begun with a fleet separation on the Pacific coast. I think that would be the first step.

I know there's often the argument that you can't unscramble an egg, that this is what we have. I agree with many who say it is very complicated, but I don't think its being complicated is a reason not to uncover a way to create policies that create better outcomes. I think fleet separation is a place to start, and the owner-operator aspect needs to be examined as well, for sure.

Mr. Clifford Small: Ms. Strobel, we've had testimony here that a lot of this licence ownership is untraceable, held by numbered companies and whatnot. Are you suggesting that these licences be basically confiscated and redistributed? How would that be possible? How could we make that work?

Dr. Villy Christensen: You can look at how it has been done on the east coast. You could have a period, say seven years or 10 years, for disinvestment. That would be one way of doing it. The key factor is to get this started. For over 30 years, this has been discussed. Things have just grown worse and worse. How do you

change that? The first thing is, you need to get DFO to work on it. They don't seem to be doing so.

Mr. Clifford Small: Do you think there would be any way that the individuals involved in this corporate concentration would be able to skirt around new laws that are brought in? For example, we hear talk of supply agreements. How can you be sure that the legislation would actually work for you? There's the widespread belief on the east coast it hasn't really worked for them.

• (1615)

Ms. Sonia Strobel: I don't think there's a really simple, clear answer here. We have learned a lot of lessons on the east coast about supply agreements and how we need to be careful how those can take place under the existing framework on the east coast, which is why we need a made-in-B.C. solution that takes the best lessons we've learned from the east coast and applies them to do something different on the west coast and the Pacific region.

I think you're going to hear testimony next week from Rick Williams. I heard him speak recently at the Fisheries for Communities gathering about a number of proposals for how the government could even buy back licences and not have an owner at all. What would that look like? I think there are a lot of creative solutions. There are a lot of folks who've done research. They've looked at other jurisdictions, and I think it's up to the department to do some research, to look out there at other examples, and then to come up with solutions and not say, "Well, it's too complicated. We're not going to touch it."

Mr. Clifford Small: Ms. Strobel, I heard you talk about repercussions for harvesters who could have witnessed here. What type of repercussions were you thinking about? Would you like to elaborate on that?

Ms. Sonia Strobel: It's uncomfortable to elaborate on repercussions that harvesters face, that our harvesters, the 45 families that fish for Skipper Otto, have experienced.

The industry is very much controlled by some big companies that control a lot of quota, licences, off-load facilities, ice plants and things of this nature. Those kinds of services can be declined to harvesters. Even if they are technically independent owner-operators, they aren't necessarily operating in an independent way. I can give you an example if you'd like to hear how quota works in terms of independents.

I'll give you a very, very common example. Fishing families may have inherited some quota from their parents, for example 5,000 pounds of quota. That's not enough quota to make a living for the year, so they have to lease some additional quota from somewhere else in order to make a living for the year. They will usually go to a company that owns quota, a company that they need to lease from. The company will lease it to them under the condition that they sell back their fish, that 10,000 pounds, for example, at the price that the company sets, but they must also sell the 5,000 pounds of quota that they own to that company in order to get that additional 10,000 pounds.

This is why I say that the beneficial ownership survey might provide some misleading evidence, because many of the independent families that do own quota aren't operating in an independent way. It's really just smart business. I'm not finger-pointing at businesses that do this. They are operating legally within the framework that's been set up by the government. Naturally, the smartest business move for them in that framework would be to own the minimum amount of quota that they need to own in order to control the rest. That's what we're experiencing, and the survey won't demonstrate that.

Mr. Clifford Small: Thank you.

The Chair: Thank you, Mr. Small.

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

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

Thank you to our witnesses for being here.

Ms. Strobel, on vertical integration, you can understand that, if you're putting a lot of money into a processing facility, you obviously want to have the material coming in that you can process. If that's not really such a bad notion, is the issue or the question then the sharing of the wealth among the harvester, the processor, and the wholesaler/retailer? Is that really what's out of whack? Do we really need to put the effort into unscrambling the egg, to use that analogy, or would it be a lot simpler to prescribe what percentage of the total value each person gets as a share?

Ms. Sonia Strobel: I have heard examples of that, where there is a prescribed maximum percentage of the value of the catch that can go to a licence owner, and I think that would go a long way. I know that, in British Columbia, in many cases, upwards of 75% of the landed value of the catch goes to the licence owner, and what remains isn't enough to have a viable fishing operation.

This is why I say that, under the current system, I understand entirely that fishing is risky, that opening a plant is expensive and that the businesses on the B.C. coast provide a valuable service for all of us who are in the industry by opening plants and by operating off-loading, providing ice and that sort of thing. It's the disproportionate de-risking of those companies in order to make it viable for them at the expense of fishing families that is the problem, so there needs to be a more equitable distribution of the wealth.

• (1620)

Mr. Ken Hardie: Mr. Christensen, if fishing families cannot make a living under the current regime—there's a gap there in terms of what they're able to live on—what expense to the government or governments does that gap represent? Do you have any idea of how much the government would need to come up with to close the gap because the current system leaves fishers really under-compensated?

Dr. Villy Christensen: No, I can't answer that.

Mr. Ken Hardie: Ms. Strobel or Mr. Mirau...?

Ms. Sonia Strobel: I don't have figures before me, but I think it would be very interesting to find those.

Mr. Ken Hardie: Mr. Christensen, if you could just confirm... I'm going to lease quota to somebody. They pay up front the price

that I'm giving them; they are price-takers and not price-makers, but nobody knows what the landed value is going to be before the person is basically committed to renting that quota. Is that correct?

Dr. Villy Christensen: That is very often the case, and there are a number of cases where fishers, after the season, have owed money to the licence-holder or owner.

Mr. Ken Hardie: Mr. Mirau, you mentioned that you deal with about 300 independent harvesters. What makes them independent?

Mr. Brad Mirau: What makes them independent is that they own their own boat licences. I do provide some quota to them, but I will tell you that the only people I have contracts with are people I've loaned money to in order to buy their vessel. I would take a mortgage on their boat. Yes, it says that they will sell fish to me, but I also provide them language that says they will receive the same value as I will pay to any other fisherman. I have never had a complaint. We have a very loyal fleet.

On the leasing portion that you talk about, there are so many different deals. Fishermen make their own deals with licence-holders; some of them finance each other and some companies pay licences. There's no standard price.

In my case, there has never been a fisherman left owing me at the end of the season, because my pool operates to spread the risk across myself, licence-holders and the fishermen.

Mr. Ken Hardie: Thank you, sir.

I'll go back to you, Ms. Strobel.

Do you have any sense as to the difference in income between the fishers who supply you—those 45 fishing families—versus some of the other fishers who are working the coast?

Ms. Sonia Strobel: We do get asked that question quite often: Can we give a simple answer to how much more our fishing families get paid?

It varies from species to species and year to year. We work individually with the families to figure out what a living wage would be for them that year and what their costs are. We help them figure out their costs and figure out what a living wage would be. Across the board, we find out what the ground price is, because they may be selling part of their catch elsewhere. We do know that we're able to pay more consistently across the board. It varies from 10% to 300%—anywhere in there—depending on species.

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

Mr. Christensen, it's been said here a few times that the DFO's focus seems to be managing fishing efforts versus managing the sustainability of fish stocks. Would you agree with that? In other words, DFO manages people, not fish.

Dr. Villy Christensen: DFO is supposed to manage people, absolutely.

DFO on the west coast has a very strong mandate about conservation and seems to have much less emphasis on the socio-economic aspects of the fisheries. The balance is off.

Mr. Ken Hardie: All right. Thank you for that.

The Chair: Thank you, Mr. Hardie.

[*Translation*]

Mrs. Desbiens, you have the floor for six minutes.

Mrs. Caroline Desbiens (Beauport—Côte-de-Beaupré—Île d'Orléans—Charlevoix, BQ): Thank you, Mr. Chair.

Thank you to the witnesses. It's always very useful to hear from them.

My first question is for Ms. Strobel.

Earlier, you shed new light on the issue by talking about the reality on the ground, which is more complicated than just who owns permits or quotas on paper, and that companies don't have to own all the quotas to control the industry; anyone who works in it knows that. You said that if you had the opportunity, you would provide clarification.

I'm giving you that opportunity now.

• (1625)

[*English*]

Ms. Sonia Strobel: Thank you so much.

Yes, the example I provided around quota ownership was the example I wanted to bring here. Again, if a family owns some quota, it isn't necessarily enough for them to make a living, so they're often scrambling to lease additional quota to make a living for that year. That's often on the condition that they sell the fish from their own quota to the same company for whatever price they sell.

This has happened to us at Skipper Otto quite often, where someone will approach us and say, "I have quota. I would like to sell my fish to you, but I can't because you don't own quota that you can lease me to make up the rest of my year, and when I lease it from another company, I have to sell my quota to that company at their price." It takes away that independence from the fishing family.

That's one common example I wanted to share.

[*Translation*]

Mrs. Caroline Desbiens: As I understand it, there are two ways to control the fishery. One is to have as many licenses in your possession as possible, and then to become the banker of the fishermen so that they can continue to fish.

What's going to happen to the fishery if this is the way it is? What will happen to fishing in outlying areas? What will happen to coastal villages which depend on the fishery? What will happen to the market for seafood products and to prices? What will happen if we keep on going on like this? Is there any hope?

[*English*]

Ms. Sonia Strobel: It feels very depressing, doesn't it? It feels very discouraging. I agree. I see fishing families like mine disappearing.

My son Oliver is here today watching as well. He wants to stay fishing, and it's very difficult for him to stay in the industry. We see that all up and down the coast. It's very hard for young people to get into fishing, to stay in their communities. It is very discouraging. We see a lot of harvesters becoming labourers. Harvesters are

drawn to fishing because we are entrepreneurs, because we like to set up our operations, do things right, do things our way.

I see people nodding. Those who come from coastal communities understand that, but when we lose control of access to the resource and lose the ability to fight for the best price, then we are no longer entrepreneurs. We are merely labourers. We're losing a way of life in our fishing communities because of this.

[*Translation*]

Mrs. Caroline Desbiens: Thank you.

I'll now turn to Mr. Mirau.

This committee has heard from people who wished to testify anonymously.

What do you say to that? Why did they want to testify anonymously?

[*English*]

Mr. Brad Mirau: I'm sorry, but I couldn't hear the translation.

The Chair: I'll ask Madame Desbiens to ask the question again.

[*Translation*]

Mrs. Caroline Desbiens: Mr. Mirau, how do you interpret the fact that, recently, witnesses wanted to testify before this committee and that they wanted to do so anonymously?

[*English*]

Mr. Brad Mirau: I'm sorry, but there is no translation.

The Chair: On your screen, you can select English, French or floor. Select English.

We'll try one more time. Madame Desbiens, go ahead.

[*Translation*]

Mrs. Caroline Desbiens: Mr. Mirau, can you comment on the fact that recently some witnesses have wished to testify anonymously to this committee?

[*English*]

Mr. Brad Mirau: It's on English, but it's coming across as French.

Okay, I have it now.

• (1630)

The Chair: Try it again, Madame Desbiens. That's take three.

[*Translation*]

Mrs. Caroline Desbiens: I hope you stopped the timer, Mr. Chair.

Mr. Mirau, I'd like you to comment on the fact that at this committee recently we had witnesses who wanted to testify anonymously. Why do you think that is?

[English]

Mr. Brad Mirau: I couldn't imagine. Within my company, I would invite anyone to come. I'm a fully open book.

If some people feel they need to come and testify anonymously, then you should grant it.

From my experience, I would not have anybody in my fleet who would be afraid to speak. I invite them to be open. I'm a total open book as a company.

[Translation]

Mrs. Caroline Desbiens: Thank you.

Mr. Christensen, it is the small fishermen who are taking the greatest risks. They also bear the greatest financial burden and are often beholden to the companies that fund them.

Are the economics of the fisheries sector sustainable under such a system in the medium term?

[English]

Dr. Villy Christensen: Yes, the fisheries on the west coast, to a very large degree, have become.... I'm sorry, but I can't find the word. It's not possible for fishers on the west coast who rely on leasing quotas to make a living. It's not possible to make enough to maintain the fisheries and pay living wages to their crews. It is simply not possible.

[Translation]

Mrs. Caroline Desbiens: What will happen to the resource?

At another meeting, we were told that local knowledge is fundamental to protecting the resource. We saw this in the case of lobster, for example. There is no one better than lobster fishermen to know how to manage and protect the resource.

In your opinion, what will happen to the resource if the status quo remains?

[English]

Dr. Villy Christensen: I can give you one example. That's for species that do not have quota licences. On the west coast, that's the shrimp trawl fishery, where the effort is very low compared to what it could be. The reason for this is that DFO, in the name of conservation, has a bycatch level for species of eulachon of four tonnes, which corresponds to less than 0.01% of that important species. DFO does not want to discuss changing that arbitrary level.

DFO, in this case, has strongly erred on the side of conservation. It does not take any consideration for socio-economic aspects in such a fishery. I think that on the west coast DFO has really gone too far on the conservation. It's much more balanced on the east coast.

The Chair: Thank you, Madame Desbiens.

I allowed you an extra two minutes there to make up for the interruption and having the translation done.

We'll now welcome to the committee Mr. MacGregor, who is substituting for his colleague, Ms. Barron.

You're up next, sir, for six minutes or less.

Mr. Alistair MacGregor (Cowichan—Malahat—Langford, NDP): Thank you very much, Mr. Chair.

I'm used to being on the agriculture committee, and I am going to try my best not to feel like a fish out of water here at the fisheries committee.

Voices: Oh, oh!

Mr. Alistair MacGregor: I am proud to call Vancouver Island home. It's a beautiful coastline, and I am here filling in for my lovely colleague, Lisa Marie Barron.

Ms. Strobel, I appreciated that you outlined that example in your opening remarks and in subsequent questions. You did state in your opening comments that, like many fishing families, you can't afford to purchase the licences and, like many other families, unfortunately have to lease. You gave the example of how a family may own 5,000 pounds through quota, which is not enough to support them through the year, and they have to lease an additional 5,000 pounds. Through that system, corporations can exert control over both licences and saying that they're going to buy you out at x amount.

Can you give us a sense of what the earnings differential is? Has that been quantified for what fishing families are missing out on through the leasing system versus if they had enough money to actually afford enough quota to support themselves through the year?

● (1635)

Ms. Sonia Strobel: I don't have quantifiable numbers. I wish I did. I wish I could have it on a chart that I could easily show. I can say that for the fishing families I know who persist in the fishery through multiple generations and who are able to make a living from fishing and to do well and put their kids through university and things like that, they own their quota.

When we look at the example of 75% or more of the landed value going to the quota owner, 25% is coming back to the harvesting family. Out of that, they have to pay for the boat and the licence, the fuel, their operations and their crew. We're hearing from harvesters who simply don't fish. Maybe they have a quota in their family and they just don't fish it because it would be money-losing, as Villy just explained.

The difference is stark between families that own quota and those that don't. This is the kind of study that I'm disappointed to find DFO not putting efforts into understanding. Again, this is why I say that the beneficial ownership survey is barking up the wrong tree. We're not getting to the core of the question, because we're not asking the right question.

Mr. Alistair MacGregor: On the terms imposed for leasing, are they generally the same no matter where you go?

Ms. Sonia Strobel: They vary. Some of our harvesters lease quota from their nation, so the nation will have an agreement with them about what percentage of the catch goes to them or what dollar amount. My husband leased from a family friend. They just negotiated between them because the family friend still owned the licence.

There are many different versions, but it is very common that when.... Again, this is why fleet separation is so important, because when the processor owns the licence, of course they're controlling the access to the resource and they're controlling the price that's being set. There is a conflict there.

When you're leasing it from a band that isn't buying the fish back or you're leasing from another family that isn't trying to buy the fish, they're not setting the price of the fish and you still have the independence to sell that fish to whoever the highest bidder may be for you as a harvester.

When your quota comes from the company that owns it and you must sell back to them at that price, to me that's a conflict, and that's the source of a lot of the problem for many fishing families.

Mr. Alistair MacGregor: Thank you for adding more detail to that for the committee.

You did mention that you had recently participated in the Fisheries for Communities event in Victoria. I think you did touch on that in an earlier answer. Can you elaborate a bit and describe the policy position that was the goal of the event and how much work had gone into it?

Ms. Sonia Strobel: Yes. Fisheries for Communities is a network of harvesters, researchers, academics and NGOs—small businesses as well—that are advocating for a policy reform in the Pacific region that would ensure more of the value of the fishery stays in the hands of coastal communities.

I'm very proud of that network. This is the third time that we've had a gathering and have brought in folks from around Canada but also from around the world, from other jurisdictions. They've come and told us how owner-operator policy and fleet separation exist in Alaska or in Europe, for example, in those parts of the world.

I was disappointed that we didn't have a lot of attendance from DFO, although we did have attendance from members of this committee. I was very proud to see that MPs attended the full two-day conference, listened and provided feedback. We didn't have feedback from DFO itself. I was hoping that they would be there to listen to more of that, because we worked so hard to bring voices from around the world, to bring solutions and to bring different ideas.

Mr. Alistair MacGregor: Thank you.

In my final 30 seconds, can you explain the difference between licence-holders and licence owners and why this distinction is important for the reliability of DFO's beneficial ownership survey?

• (1640)

Ms. Sonia Strobel: There is confusion around that language in the beneficial ownership survey. It asks for the licence-holder, and the licence-holder may be a person who is operating that lease, who may be leasing it. Licence-holder is not the same as licence owner.

If a large company, for example, owns a lot of licences, they may not report that way and they might not be forced to report that way because they're not holding the licence. When someone is fishing, it's transferred to their boat and if it's transferred to their boat, then they're holding that licence.

Mr. Alistair MacGregor: Thank you.

The Chair: Thank you, Mr. MacGregor.

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

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

I'd like to start with Mr. Christensen, if I could.

Mr. Christensen, you talked about the shrimp trawlers with the bycatch situation. Are there other impediments to small-scale harvesters that are easier for the bigger operators to get around? We've heard something around observers on board. Could you provide anything on that?

Dr. Villy Christensen: Thank you, Mr. Arnold.

Yes, I did mention that for the shrimp trawl fishery in B.C., there is a very low, arbitrary bycatch level. Because of that low bycatch level, there's also a requirement of 100% observers in these fisheries. Only the big boats can afford that. This is an impediment where you have a policy that favours the large-scale fisheries at the cost of the small-scale fisheries.

To illustrate how arbitrary that level is, I mentioned that the bycatch level is less than 0.01% of the eulachon stock. The DFO shrimp survey has, in 12 of the last 20 years, caught more than what the entire industry is allowed to catch. Four tonnes was the bycatch, and they caught up to 15 tonnes, so this level is without reason, without any scientific background.

Mr. Mel Arnold: Thank you.

You mentioned that following the recommendations of the previous FOPO report would be a step in correcting the situation that's taking place. Would this be enough, or are there other steps that weren't covered in the earlier report?

Dr. Villy Christensen: I think this was a really important report, and if those 20 recommendations were followed, it would change the situation drastically.

Mr. Mel Arnold: Thank you.

I'll turn my questions now to Ms. Strobel.

You mentioned a term, "disproportionate de-risking". Could you elaborate on that a bit?

Ms. Sonia Strobel: Sure. I said before that fishing is inherently risky. We export most of our seafood in Canada, so we are at the mercy of global markets, of currency exchange rates, of the wild ecosystem in terms of what's provided. So it is risky.

The current system is designed so that those who have deeper pockets are de-risked more than those who are less advantaged. I think that's the fault of the policy. It's not the fault of those with deeper pockets. They're operating legally within the framework that's been set up by this government, but the government has established a framework that benefits those who have deeper pockets.

I think we need to look very hard at the social, economic and cultural outcomes that we desire from the fishery and then make changes to share that risk. This is why the 2019 report was so aptly named "Sharing Risks and Benefits".

I agree with Mr. Christensen that if we implemented those 20 recommendations, we would be so much farther along. It kind of boggles the mind that we're here still having the same conversation five years later.

Mr. Mel Arnold: Thank you very much.

I'll turn to Mr. Mirau now, if I could.

Mr. Mirau, in your opening, you mentioned that there are very few processing facilities remaining on the B.C. coast. Why is that and what impact is that having on the small communities and harvesters?

• (1645)

Mr. Brad Mirau: It's lack of access to the resource or a lack of the resource itself. I think that quite often people think that there are always salmon left in the ocean, but that's not entirely true. There are always years when there are massive amounts of salmon, but DFO doesn't really do proper stock assessment anymore so we don't always get the fish that are available.

I'm not going to say that all the fish stocks are healthy, but with lack of access and lack of fish stocks, fish plants have just left. We're the only full-fledged fish plant left in Prince Rupert now. It's kind of tragic.

Mr. Mel Arnold: Thank you very much. It is tragic.

The Chair: Thank you, Mr. Arnold. You're right on the mark.

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

Mr. Brendan Hanley (Yukon, Lib.): Thank you.

Thank you to all three witnesses for appearing. I'm sorry that I was late arriving from the House of Commons and missed Dr. Christensen's speech, but I'm catching up on the notes in between things.

Dr. Christensen, maybe I'll start with you. Maybe you can help to clarify. Forgive me if there is some repetition.

You discussed DFO's over-concentration on conservation, yet at the same time you point out that the DFO legacy, I guess, is that of going for more efficiency and therefore more corporate control. How do those two reconcile? To me, they don't seem quite compatible.

Dr. Villy Christensen: That's a difficult question, because I don't see why it's not compatible. I'm sorry. I can't see why.

Mr. Brendan Hanley: Perhaps I could just ask you to clarify the comment on the DFO's over-concentration on conservation and how perhaps that has led to this situation that we're in now on the west coast.

Dr. Villy Christensen: There were big problems back in the eighties and nineties with overcapacity in many parts of the world. DFO instigated policies that led to fleet reduction. In doing that, it favoured the large-scale, easy-to-manage fleets. This is one reason why we have lost the small-scale fleets on the west coast.

That fleet is easier to manage and, yes, it is more efficient, but that's being done at the cost of the communities that cannot survive. In many fisheries, DFO's policy leads to extremely cautious approaches to management and to lower catches than could sustainably be taken from these resources.

Mr. Brendan Hanley: Okay. It's fleet reduction you're talking about, but it's inequitable fleet reduction that is the net result.

Dr. Villy Christensen: Yes.

Mr. Brendan Hanley: That's perfect. Thank you.

Mr. Mirau, I wanted to ask you about good corporate practice. You've talked about your own company. It sounds like you're very conscientious.

You also make a distinction between a Canadian company that's foreign-owned and, presumably, perhaps, a foreign company that's foreign-owned. What would you say are the good corporate practices you're demonstrating that other companies could emulate?

Mr. Brad Mirau: I view ours as a Canadian company. We have all Canadian management and Canadian employees. We exist in the communities and employ people in the communities where we operate our [*Technical difficulty—Editor*]. I have bonus systems for all of our staff. I finance our fishermen. I get them diversified across multiple fisheries. I don't make them sell their fish to us. Many of them have their own dock sales and sell to other places. I pay a lot of taxes—

[*Translation*]

Mrs. Caroline Desbiens: I have a point of order, Mr. Chair.

We are being told that that interpreters are having trouble working.

• (1650)

[*English*]

Mr. Brad Mirau: Am I speaking too quickly?

The Chair: Move the boom of your mike up a bit.

Mr. Brad Mirau: Okay.

Most simply, I would say that the corporate practice I most enjoy applying is that any licences that we have purchased, I do not [*Technical difficulty—Editor*] a rate of return. I'm making investments for future fish production. What I get out of it by providing very reasonable leases to my fishermen—

[*Translation*]

Mrs. Caroline Desbiens: There is no interpretation, Mr. Chair.

[*English*]

Mr. Brad Mirau: —is a loyal fleet. I have very little turnover, because I help them be successful.

The Chair: Mr. Mirau, I have to interrupt you. It's still not coming through to the interpreters to translate.

Try moving the boom up a little higher.

Mr. Brad Mirau: I apologize.

What makes us successful, and what I am the most proud of with our licence ownership, is that I am not doing it for a direct rate of return or to control my fishermen. I help my fishermen buy licences, and what I get out of it in return is a very loyal fleet, loyal staff and loyal customers.

I don't have fishing agreements with people. I don't have any turnover of fishermen—hardly at all. I have long-term fishermen, long-term staff and long-term customers. It's very simple, actually. If you treat people fairly, they will treat you fairly back and that's the long-term success of my company.

Mr. Brendan Hanley: I will just follow up with a quick question, because I don't think I have a lot of time left with all the interruptions.

Mr. Mirau, would you say that your practice is the exception or the rule?

Mr. Brad Mirau: I'm not sure. You'd have to ask my fishermen. I have a large fleet, so we must be doing something right.

I can't speak for other companies. I'm sorry.

The Chair: Thank you, Mr. Hanley.

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

[*Translation*]

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

Mr. Mirau, according to your explanation or description of your business and the relationships you have with various fishing stakeholders, it is going well.

Do you know of any systems where it is not going so well?

[*English*]

Mr. Brad Mirau: I'm sorry, but what does “other system” mean?

[*Translation*]

Mrs. Caroline Desbiens: Is there another way of operating that is similar to yours, but where it doesn't work as well? Are there oth-

er systems somewhat like yours where you think it's not going as well?

[*English*]

Mr. Brad Mirau: I think there are varying degrees of success in the industry. I think it is a very difficult industry [*Technical difficulty—Editor*]. I will agree with Ms. Strobel. Fishermen have a difficult time, and so do companies. It's a very difficult environment. You have to be nimble, flexible, resilient.

In some years, perhaps there may be too many fishermen trying to access a limited resource. As they will suffer, the same thing holds true for the companies. That's why there are fewer of us. There have been too many companies and too much capacity. It's a consolidation that I feel will continue to happen.

[*Translation*]

Mrs. Caroline Desbiens: Mrs. Strobel, if you had one priority to suggest to the committee at the end of this meeting, what would it be?

[*English*]

Ms. Sonia Strobel: My priority would be fleet separation. If this committee would recommend to the government and to the minister to implement a fleet separation and owner-operator provision in British Columbia, I think this would be a very important step toward stemming the tide of the disappearance of harvesters and the loss of money in our coastal communities.

To me, it's such a simple example on the east coast, in the in-shore fleet. I know you will hear testimony next week from Richard Williams, who will provide a very compelling comparative analysis between the financial benefits on the east coast versus the west coast.

I simply don't understand why we would not be protecting harvesters in British Columbia in the same way that we protect them on the east coast. I think this is very important. There are lots of other things that we can and must address, but I think we must start here if we're going to have anything left of the small-scale fleet in B.C.

● (1655)

The Chair: Thank you, Madame Desbiens.

We'll now go to Mr. MacGregor, for two and a half minutes, to end our first hour of testimony.

Mr. Alistair MacGregor: Thank you very much, Chair.

Dr. Christensen, your briefing notes say, “The move from owner-operator to corporate dominance has been devastating for rural fishing communities.... Communities matter. Rural coastal communities are dying throughout BC, and that notably includes First Nation communities losing livelihood and their traditional knowledge about fishing.”

My riding of Cowichan—Malahat—Langford has both the southwest coast and the east coast of Vancouver Island. That kind of statement resonates with me, because I know exactly the types of small communities you're talking about.

You yourself grew up in a fishing community. In the final minute and a half that I have, can you talk a bit about what it's like when the local community itself is employed in the fishery and it receives the profit? How are the livelihoods of the community supported?

Dr. Villy Christensen: It's true. I grew up in a town with 500 fishing boats in Denmark. Today, there are about 30 left, and fishing is no longer an important aspect. I think it has major consequences for the whole community.

I would like to refer to Alert Bay, which was a first nation town that was totally dependent on fisheries, if we look back. I heard estimates that there used to be 10,000 years of fishing experience in that community. Today, there are about 500 years of fishing experience, which means 10-15 people are left who have experience in fishing. That's why I say the small communities are dying. The experience is being lost, and with it a way of life.

Mr. Alistair MacGregor: Thank you.

I'll end there, Chair.

The Chair: Thank you, Mr. MacGregor. We're caught up against time to shut down the first hour of testimony.

I want to say a big thank you, of course, to the witnesses—Mr. Christensen, Mr. Mirau and Ms. Strobel—for sharing their knowledge with us here today. Hopefully it will play a big part in our final report when we get to actually doing it.

We're going to suspend for a few minutes while we go in camera.

Again, I'd like to thank the witnesses for coming and for sharing their thoughts.

[Proceedings continue in camera]

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