



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on Fisheries and Oceans

EVIDENCE

NUMBER 066

PUBLIC PART ONLY - PARTIE PUBLIQUE SEULEMENT

Monday, May 8, 2023

Chair: Mr. Ken McDonald



Standing Committee on Fisheries and Oceans

Monday, May 8, 2023

• (1100)

[English]

The Chair (Mr. Ken McDonald (Avalon, Lib.)): Good morning. Welcome to our Fisheries and Oceans committee meeting.

I call this meeting to order.

Welcome to meeting number 66 of the House of Commons Standing Committee on Fisheries and Oceans.

The meeting 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 for our new study of foreign ownership and corporation concentration of fishing licences and quota. Afterwards, we will switch to in camera to discuss committee business for the last hour of the meeting.

As a reminder to all, please address your comments through the chair. Screenshots and taking photos of your screen are 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.

Pursuant to Standing Order 108(2) and the motion adopted on January 20, 2022, the committee is beginning its study of foreign ownership and corporate concentration of fishing licences and quota.

I would like to welcome our first panel of witnesses.

From the Department of Fisheries and Oceans, we have Neil Davis, regional director, fisheries management branch, Pacific region, by video conference; Maryse Lemire, regional director, fisheries management, by video conference; and Doug Wentzell, regional director general, Maritimes region, also by video conference. Here in person we have Jennifer Mooney, director, national licensing operations; and Mark Waddell, director general, fisheries policy.

I thank you for taking the time to appear today.

You have five minutes for your opening statement, please.

Mr. Mark Waddell (Director General, Fisheries Policy, Department of Fisheries and Oceans): Good morning, Mr. Chair and committee members.

I would like to begin by acknowledging that the land on which we gather is the traditional unceded territory of the Algonquin Anishinabe people.

I would also like to acknowledge the tragic loss of life this past weekend of two harvesters in New Brunswick and extend my condolences to all parties.

My colleagues and I appreciate the opportunity to appear before this committee on behalf of Fisheries and Oceans Canada regarding your study of foreign ownership and corporate concentration of fishing licences and quota. We would like to take this opportunity to thank the committee for its ongoing work to address these important issues. We'll be pleased to address any questions you may have.

Fisheries and Oceans Canada is committed to supporting the minister's socio-economic, cultural and conservation objectives with regard to the commercial fisheries, and to working on strategic improvements in managing this public resource on behalf of Canadians.

The issue of foreign ownership of Canadian fisheries access was highlighted as part of this committee's 2019 report, "West Coast Fisheries: Sharing Risks and Benefits". The government response to this report affirmed that the committee's recommendations were aligned with several ongoing government priorities and acknowledged the challenges faced by independent harvesters in Pacific commercial fisheries.

The department's foreign ownership restrictions on commercial fisheries access are established through its licensing policies and guide the minister's discretionary authority to issue licences.

In Atlantic Canada, DFO's licensing policies explicitly require that the fisheries resources remain available to Canadians.

In Atlantic midshore and offshore fisheries, corporations that hold licences are required by current policy to be at least 51% Canadian owned. This requirement has been in place for over 35 years. It was instituted to ensure that effective control of commercial access is retained by Canadian companies, while still allowing for investment in emerging fisheries or fisheries lacking capital.

In Atlantic inshore fisheries, the department regulates who can hold inshore commercial fishing licences via the inshore regulations, which require licence-holders to be independent owner-operators who meet regional residency requirements.

In the Pacific region, fisheries management and licensing policies are built around conservation objectives. The licensing system that governs most Pacific fisheries allows licence-holders to exchange fisheries access, which further promotes the economic viability of fishing operations and limits stress on stocks. The intent of Pacific commercial licensing policies is to facilitate responsible management and conservation of fisheries resources.

In Pacific fisheries, DFO employs both party-based and vessel-based fishing licences.

For party-based fisheries, the department requires that all corporations that are issued licences be registered in Canada. The department does not have a policy on the citizenship of individuals who apply for Pacific licences.

In Pacific vessel-based fisheries, licences are instead issued directly to vessels, which must already be registered with Transport Canada. Transport Canada requires that all registered vessels be owned by either a Canadian resident or corporation, or a foreign-registered corporation with a Canadian subsidiary or representative entity. Transport Canada does not restrict the foreign ownership of a Canadian-registered fishing vessel.

In July 2020, following the release of the government response, DFO launched a review of its existing foreign ownership policies. The department concluded that it lacked the information required to effectively assess the concerns put forth by this committee's report. It sought to fill missing data gaps while still addressing urgent concerns where possible.

In February 2021, the minister approved a measure to increase scrutiny of potential foreign investments in the Atlantic midshore, offshore, and exempted fleet commercial fisheries. The revised measure applies the existing foreign ownership limit to the full corporate structure for all future licence applicants as well as existing licence-holders that wish to acquire additional access.

The department also began work with federal forensic accounting experts to develop a mandatory survey that would identify who is benefiting from commercial fishing licences and quota and incorporate input from key stakeholders.

This survey sought information on the identification, citizenship and/or country of registration for all direct and indirect owners of commercial licences. The survey also sought broad information on the licence-holder's debts, ongoing fishing agreements and executive-level employees. Ultimately, the survey will identify the beneficial owners—the individual people who directly or indirectly control fisheries access.

Over 2,500 commercial licence-holders from Pacific party-based and vessel-based fisheries, as well as Atlantic midshore, offshore, exempted fleet and elver fisheries were required to complete the survey.

The survey's overall response rate is 80% across the implicated licence-holders from all three coasts. The 83% of Atlantic enterprises that completed a survey account for a combined total of 90% of Atlantic midshore, offshore and exempted fleet commercial licences. Similarly, the 79% of Pacific enterprises that completed the

survey account for a combined total of 88% of the implicated Pacific commercial licences.

● (1105)

The data collected from the survey were delivered to federal forensic accounting experts for analysis in December, and aggregated results will be publicly released this spring.

The department will then engage stakeholders to discuss the findings and evaluate whether policy solutions are warranted. As the committee can expect, careful consideration of the impacts of potential policy solutions are required before changes can be introduced.

To conclude, the department is committed to better understanding the challenges facing commercial access holders. DFO's decision to enhance the application of foreign ownership restrictions in Atlantic fisheries, combined with the launch of the beneficial ownership survey, should be a signal that the department takes the input of this committee very seriously.

I thank you for your attention and would be pleased to answer your questions.

The Chair: Thank you for that.

We'll now go to our first round of questioning. Before I go to Mr. Small, though, I will remind members to try to be brief and identify who you want to answer your question. We have three hours of committee business today. We will be tight on time. We have to be finished by two o'clock. We all have to be somewhere else.

Again, be generous with your time, and we'll get through it.

I'll go to Mr. Small now for six minutes or less.

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

On behalf of the FOPO committee members, I'd like to extend my condolences to the families of the lobster fishermen who were lost at sea. It's a tragedy. People tied to the marine industry know it all too well.

Mr. Chair, my first question is for Ms. Mooney.

Ms. Mooney, have you heard talk of supply agreements between harvesters and processors in the Newfoundland and Labrador fishery?

Mrs. Jennifer Mooney (Director, National Licensing Operations, Department of Fisheries and Oceans): In terms of the concerns of the inshore fishery in particular, yes, I have heard those concerns.

Mr. Clifford Small: Are these agreements legal under the recent DFO policy?

Mrs. Jennifer Mooney: If we're talking about the inshore fishery, harvesters have a number of ways to access loan agreements through registered or non-registered financial institutions. In some cases, yes, harvesters can access loan agreements from processors, for example.

Mr. Clifford Small: For Ms. Mooney again, do you think that the owner-operator policy is being compromised, in a roundabout way, by supply agreements?

• (1110)

Mrs. Jennifer Mooney: I think the supply agreements are in place for harvesters to access loans and to exercise fishing. What is really important to note here is that those harvesters have to be independent core harvesters. They have to be in charge of their business decisions on and off the water.

One really important point to also note is that being in charge of those business decisions means they are making financial decisions for their business.

Mr. Clifford Small: In talking with harvesters, and wanting harvesters to come to this committee and testify, we found there was a great fear. We couldn't source harvesters who wanted to talk about these types of things, even in in camera meetings where they wouldn't be identified. The fear was so great that it would get back to the processing sector that witness A, B, C or D was Mr. Smith.

Why do you think there is that fear among people to actually give meaningful testimony to this committee?

Mrs. Jennifer Mooney: I can't speculate as to why that would be the case. I can say that we have information hotlines through which harvesters, if there are concerns, can report that information anonymously to the department. That is not my role. That is a role for conservation and protection at DFO, which has a role for enforcement.

What I can also say, very quickly, is that we spot-check and review every time there is a request for a licence-holder to reissue their licence, a transfer. We review the eligibility of that licence-holder against the inshore regulations—both the current and the prospective licence-holder.

Mr. Clifford Small: I'll go again to Ms. Mooney, Mr. Chair.

Royal Greenland, the largest seafood company in the North Atlantic, can own 49% of every company in eastern Canada, basically. If a company like Royal Greenland made such large purchases and investments in the Atlantic fishery—if they bought 49% in all of those companies, and some of them own offshore quotas—don't you think that would constitute major foreign ownership? Do you think that's good policy?

Mrs. Jennifer Mooney: Perhaps my colleague has more to add here. What I would say with respect to Royal Greenland and that transaction is that it was made under provincial jurisdiction.

Mr. Clifford Small: For example, Ms. Mooney, if there are offshore quotas attached to some of those companies, and/or community quotas, while Greenland is buying directly into quotas that are owned, and they own 49% of that asset....

Mrs. Jennifer Mooney: I would add here that all offshore and midshore licences and quotas respect the requirements of the foreign ownership.

Mr. Clifford Small: Mr. Chair, again, this question is on licensing, for Ms. Mooney.

Last year, when the capelin fishery was about to start, it basically closed down. Some buyers wanted to have a capelin fishery; some didn't. I understand that the buyers, the processors, had some control, some power in terms of whether, in fact, that fishery would open up or not, but the quotas were held by the harvesters.

That's a form of corporate control in the fishery, when two-thirds of the processors don't want a fishery to open. Do you think that's corporate control?

Mrs. Jennifer Mooney: Again, here I wouldn't speculate. Perhaps I would turn this to my colleagues in case they have anything further to add there.

Mr. Mark Waddell: If I may, Mr. Chair, at least with regard to the previous line of inquiry, the department undertook that beneficial ownership survey in an effort to determine the extent of potential foreign ownership within Canada's fisheries. While that body of work continues to reside with our friends and accounting colleagues at PSPC, we have preliminary results for Atlantic Canada. I can say that, based on the survey findings, 98% of Canadian offshore, midshore and exempted fleet licences are held by Canadian individuals or Canadian corporations. Fewer than 2% are held by foreign entities.

• (1115)

The Chair: Thank you, Mr. Small.

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

[*Translation*]

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

I, too, would like to offer my deepest condolences to the families of the two fishermen who lost their lives this weekend off Miscou in my riding. It was a difficult weekend. I assure these families that the entire population of Acadie-Bathurst, as well as all Canadians, support them in this ordeal.

Ms. Mooney, you said that fishermen need to have full control over their business decisions and make sure that everything is within the law when dealing with a company. What do you mean by this idea of full control of their decisions? Give me some concrete examples, please.

[English]

Mrs. Jennifer Mooney: Yes, certainly. In terms of their business decisions on the water, as examples, they would be things such as hiring their crew and designating their sub-operators. In terms of decisions off the water, it would be determining, if they enter into any loan agreements, who those would be with. They are realizing the benefits of that licence, so it is key that they are the direct beneficiaries of that licence.

[Translation]

Mr. Serge Cormier: If a company, for example a factory, helps people get a licence or a down payment, they will be somewhat connected to the company or have obligations to it. In that case, how could these people be in full control of their business decisions?

[English]

Mrs. Jennifer Mooney: I would say that the important work our regional licensing office staff do is looking to make sure, for example, if licence-holders are entering into loan agreements with non-registered financial institutions in particular, that their loan agreements are being paid down. The whole idea here is that licence-holders have flexibilities in terms of being able to access financing, but they are not beholden to those broader interests over the long term.

As a final point, I'll emphasize that corporations cannot hold in-shore licences in this country. They are held by individuals directly.

[Translation]

Mr. Serge Cormier: I would like to get a few more clarifications, before I get to my next question.

We hear a lot about the Royal Greenland company, which is becoming more and more present in our areas. Of course, we want to keep Canadian fisheries in this country, but certainly there is foreign investment and there will continue to be.

Given its increased presence, don't you think Royal Greenland is creating a monopoly? This company is owned by the Greenland government, from which it receives public funds. Don't their operations in Canada represent unfair competition, in a way, compared to what our own plants or fisheries businesses can do in our region?

[English]

Mrs. Jennifer Mooney: Perhaps this is a more appropriate question to pass to my colleagues.

Mr. Mark Waddell: I can take an attempt, although I am bordering on speculation here.

I would hazard that Royal Greenland is one entity of many across the country, and the Province of Newfoundland has its own responsibilities and authorities with regard to processing capacity and the legislative requirements for foreign investment in that domain. To my understanding, there are no legislated requirements in any province with regard to foreign ownership in the fish processing sector.

[Translation]

Mr. Serge Cormier: My next questions focus more on the local side.

In my area, we have crabbing and lobstering, both of which are very lucrative. However, in recent years, we have seen crab licences slip out of the region. By region, I mean the administrative area of the Acadian Peninsula, rather than the fishing area, Area 12. Licences are being sold at huge prices, in the order of \$12, \$15 or \$20 million. New Brunswick is losing these fishing licences to other provinces or regions such as Quebec, Nova Scotia, Prince Edward Island or the Magdalen Islands. What makes this easier is that the residency requirement in New Brunswick is set at only six months, compared to Quebec's requirement, for example, of two years.

Could one of you explain to me what process would need to be followed to get the residency requirement in New Brunswick changed so that it is similar to other provinces, for example, Quebec or Prince Edward Island, and so that New Brunswick stops losing these licences?

• (1120)

[English]

Mr. Mark Waddell: Again, Monsieur Cormier, I'm happy to take an attempt at this one, recognizing that I'm not a local expert or versed in the specific issue.

The residency requirements with regard to the inshore regulations run into certain challenges with regard to the Charter of Rights and the freedom of mobility. As such, we have certain limitations within the department regarding how religiously or forcefully we can enforce that capacity, that residency requirement. There are means by which we can make changes, and I guess we could entertain changes in specific regions or administrative areas of the department. We could pursue that in greater detail with you, along with additional details.

[Translation]

Mr. Serge Cormier: I would really like to know how...

[English]

The Chair: Thank you, Mr. Cormier. There are only eight seconds left, so there's not time to get in a question or an answer.

I see Madame Desbiens has joined us online. I don't know if she'll be asking the questions or if her temporary substitute, Madame Bérubé, will be asking questions.

Madame Desbiens, I'll leave it up to you.

[Translation]

Mrs. Caroline Desbiens (Beauport—Côte-de-Beaupré—Île d'Orléans—Charlevoix, BQ): Good morning, Mr. Chair. I hope you can hear me well. I was not able to do a sound check in a timely manner. For that reason, I will turn my time over to Ms. Bérubé. I will tell you after the meeting what happened.

[English]

The Chair: When you're ready, you have six minutes or less.

[Translation]

Ms. Sylvie Bérubé (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Thank you, Mr. Chair.

I am very honoured to fill in for my colleague.

Between April 2021 and March 2022, Fisheries and Oceans Canada sent 1,174 questionnaires to fishermen about compliance with inshore fishery regulations and invited them to provide supporting documentation.

How are questionnaire recipients selected? What is the response rate?

[English]

Mr. Mark Waddell: I might require further clarification as to the exact survey you're identifying, but we did send out a beneficial ownership survey, which was directed to Atlantic offshore, mid-shore and exempted fleet licence-holders, as well as Pacific licence-holders. We had scoped out inshore licence-holders in Atlantic Canada, as well as commercial communal licence-holder entities—aboriginal entities.

[Translation]

Ms. Sylvie Bérubé: This is what it's all about, indeed.

[English]

Mr. Mark Waddell: Basically, those individuals were identified then by determining who held those licences within our databases. We contacted those licence-holders to ensure they were providing information to supplement their ownership information to DFO.

[Translation]

Ms. Sylvie Bérubé: It is well known, Mr. Waddell, that additional information was requested from 342 respondents, which is 29% of the total number, and no arrangement revisions were required.

Between April and September 2022, you sent out 550 surveys.

How do you account for the higher percentage of requests for additional information or arrangement revisions during the April to September 2022 period, compared to the April 2021 to March 2022 period?

[English]

Mr. Mark Waddell: I think we are mixing our discussions in terms of the beneficial ownership survey and the work my colleagues have been doing on inshore regulations.

Mrs. Jennifer Mooney: Exactly. Under the inshore regulations, we publish on our website the number of questionnaires, as you have referred to, that have been sent out to licence-holders to determine whether they are.... It's an examination to ensure they are eligible to hold an inshore licence.

These questionnaires are sent out at every issuance. When there is a request for a transfer from one licence-holder to another, we are looking at the eligibility of both licence-holders under the inshore regulations and making a determination. The statistics you see on that website are the representation of the questionnaires that have been sent out.

Depending on the responses received from the department to those questionnaires, we ask for additional information or clarification. In some cases, licence-holders, as you have mentioned, make modifications to loan agreements or supply agreements in order to be eligible. The inshore regulations were designed in such a way to bring licence-holders into compliance with the regulations.

• (1125)

[Translation]

Ms. Sylvie Bérubé: What are the reasons why 37 arrangement revisions were needed after the revisions made between April and September 2022?

[English]

Mrs. Jennifer Mooney: The revisions to the agreements were done for a variety of reasons. For those 37, some were related to needing to adjust loan agreements, for example by having exit clauses. That goes back to the point that we do not want licence-holders to be beholden over a long period of time under those loan agreements. That's one example.

Another example could be if we're looking for lease agreements to be modified or changed. The whole intent here is to ensure that licence-holders.... Yes, there are ways for them to access financing, but it's being done in such a way that they are in control of their business and they have a way to pay down those loan agreements over a reasonable amount of time.

[Translation]

Ms. Sylvie Bérubé: Since October 2022, how many surveys have been sent out and how many requests for additional information or revisions have been made?

[English]

Mrs. Jennifer Mooney: In 2022-23, we sent out 507 questionnaires. In 238 cases, DFO staff asked for additional information, and in 55 of those cases, one or more existing agreements were changed or modified to bring licence-holders into compliance with the regulations.

[Translation]

Ms. Sylvie Bérubé: In what ways did fishermen's compliance and Fisheries and Oceans Canada's ability to enforce the rules differ between the requirements of the Policy for Preserving the Independence of the Inshore Fleet in Canada's Atlantic Fisheries and the regulatory changes to the inshore fishery regulations resulting from amendments to the Fisheries Act?

[English]

Mrs. Jennifer Mooney: In terms of the reasons for licence-holders to need to make modifications.... Those 55, for example...I don't have the full breakdown of the reasons. We could provide that if there's an interest. I would suspect it would be similar to what we saw the previous year, which was that loan agreements needed to be adjusted or changed, for example, or to have exit clauses in agreements, or to ensure that there was a reasonable amount of time for those loans to be paid down.

We are paying attention to ensuring that those loan agreements are in fact being paid down. That's a big message I would leave you with as well. We don't just receive this information from the licence-holders. We are looking to see that those loan agreements are being paid down and that they are being implemented over time.

[Translation]

Ms. Sylvie Bérubé: Did the...

[English]

The Chair: Thank you. You have gone a bit over your six minutes.

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

Ms. Lisa Marie Barron (Nanaimo—Ladysmith, NDP): Thank you, Mr. Chair, and thank you to the witnesses for being here today.

First, I'd like to give my condolences to the loved ones of the harvesters lost in New Brunswick. It was tragic news to hear.

I'm going to move on to my questions, as there is not a lot of time. My first question is for Mr. Waddell.

Can you clarify? I'm building on the questions Madame Bérubé started with, around the beneficial ownership survey. In an ideal world, can you share with us who should be included in completing that survey in order for us to receive a comprehensive data set and information, and to be able to move forward around the beneficial ownership on the west coast?

Mr. Mark Waddell: Absolutely. The survey was mandatory for all commercial licence-holders, with—as I indicated previously—the exemption of inshore licence-holders in Atlantic Canada and communal commercial licence-holders. Both of these, as entities, have their corporate structures regulated pursuant to either the inshore regulations or the aboriginal communal fishing licences regulations.

For Pacific licence-holders, it would have been all party-based and all vessel-based licence-holders in Pacific waters.

• (1130)

Ms. Lisa Marie Barron: What about those who are working on the boats, or those who are not licence-holders? Are we able to hear from them at all through this survey?

Mr. Mark Waddell: As an attempt to get to the beneficial ownership of the licence, the requests and the surveys were directed to the licence owner.

Ms. Lisa Marie Barron: Do we see any issues with that? Could you please share with us, through the chair, any issues with our only asking the licence-holders for this information? Does that affect our capacity to understand what's really happening?

Mr. Mark Waddell: Once again, the challenge for us in determining beneficial ownership is going to the licensed owner, per se. With regard to licence leasing as a practice in Pacific fisheries, we understand that is a prevalent use and those are methods by which harvesters avail themselves of access and quota.

However, when we were developing the survey and consulting with stakeholders collectively, stakeholders felt that this aspect of the survey design was going to prove too challenging and could be

better addressed subsequently. The keen interest from all parties was in deriving a better baseline understanding of foreign ownership, and that meant targeting beneficial ownership structures within Canada's fisheries.

I'm not sure if my colleague from the Pacific region, Neil Davis, has anything to supplement—

Ms. Lisa Marie Barron: I think I'm going to move on to the next question. Thank you so much, though, Mr. Waddell.

Perhaps you could clarify your point around how it can be “addressed subsequently”. What would that look like?

Mr. Mark Waddell: That would be in discussion and dialogue with harvesters and through consultation with them.

Ms. Lisa Marie Barron: Okay.

Mr. Waddell, you also said in a previous question that less than 2%—correct me if I'm wrong—of the licensing is held by corporate entities. Is that accurate?

Mr. Mark Waddell: The figure was that less than 2% is held by foreign entities.

Ms. Lisa Marie Barron: They're foreign. That is what I meant to write down. Thank you.

Can you clarify how we have that information around that number?

Mr. Mark Waddell: We have that information through the information that's been provided to the department from licence-holders, through the beneficial ownership survey and in conjunction with the analysis undertaken by the forensic accounting management group over at Public Services and Procurement. They are the forensic auditors for the Government of Canada who have conducted the analysis on our behalf, and they have done that in two tranches of work.

Unfortunately, due to the timing of this meeting, I have only high-level results for Atlantic Canada. I do not yet have them for the Pacific.

Ms. Lisa Marie Barron: Thank you.

Again, Mr. Waddell, can you clarify recommendation 4 in the 2019 report, which came out through FOPO? It is a recommendation “to increase the transparency of quota licence ownership and transactions...in an easily accessible and readable format, a public online database that includes....” It goes on to talk about the importance of having adequate public information around the ownership.

I wonder if you can clarify whether this has been done, and how information like this would help us understand foreign ownership of our licenses.

Mr. Mark Waddell: On this one, I would turn to my regional colleague, who has invested time in this effort.

Mr. Neil Davis (Regional Director, Fisheries Management Branch, Pacific Region, Department of Fisheries and Oceans): Thank you. I'm happy to offer a bit of information on that.

We have done some work to respond to that particular recommendation. Specifically, in the last year, we contracted somebody with the technical expertise to do an assessment of the information we currently hold and the systems that information will live in, to identify what the requirements would be to set up a public registry that would have licensing and quota transactions available and accessible in an easy way. They will also assess the feasibility, given the requirements of setting up that kind of registry.

That work was completed last year, and we're now shifting to creating the necessary work and contracting to construct a database that would allow us to generate a public registry in which those kinds of licensing and quota transactions could be accessed by the public.

• (1135)

The Chair: Thank you, Ms. Barron.

We'll now go to Mr. Perkins for five minutes or less.

Mr. Rick Perkins (South Shore—St. Margarets, CPC): Thank you, Mr. Chair, and thank you, witnesses.

Mr. Waddell, as the DG.... DFO has a policy that no licence-holder can have a majority or monopoly on a fishery. Is that correct?

Mr. Mark Waddell: From a corporate concentration policy...? Is that the thrust of your argument?

Corporate concentration is addressed on a fishery-by-fishery basis, often through the integrated fisheries management plan, within which there will be details on how much any given licence-holder can hold in terms of quota. Specific to the inshore fisheries, though, the requirements are that no inshore fisher can hold more than one licence per species.

Mr. Rick Perkins: With regard to the offshore, lobster fishing area 41, which is about three times the size of Nova Scotia, has eight licences, as I understand it. Many years ago, all the licences were allowed to be acquired by Clearwater—long before its recent ownership change—against government policy. My understanding is that government policy was rewritten. The former manager had to rewrite the policy because of all that.

Why does DFO allow Clearwater to have a 100% monopoly in lobster fishing area 41?

Mr. Mark Waddell: I'm not able to speculate on past decision-making with regard to that.

Specific to that fishery—my colleague might be able to supplement, as well—my understanding is that the product in question is not itself a monopoly. There are plenty of lobster fished throughout Atlantic Canada and Quebec. Ergo, this is not necessarily a true monopoly.

Mr. Rick Perkins: It's a true monopoly because they're the only one allowed in that one area, which is three times the size of Nova Scotia. No other licence-holder is allowed in there, so that is a monopoly.

You mentioned the percentage of companies that participated in the beneficial ownership survey that were either Canadian owned

or Canadian headquartered. What's the number you got in British Columbia from that survey? Do you have an equivalent number?

Mr. Mark Waddell: Unfortunately, at this point in time I do not have results for the Pacific.

Mr. Rick Perkins: When you say Canadian owned.... They're a Canadian corporation, but it doesn't mean they're Canadian owned. A Canadian corporation doesn't necessarily.... That's the beneficial ownership issue.

Mr. Mark Waddell: Exactly. We worked through the beneficial ownership survey and the information licence-holders had to provide to the department. Then, in conjunction with the forensic accountants at PSPC, we reviewed that information through the full extent of the corporate chain and determined that 98% of Atlantic licences are held by Canadian entities.

Mr. Rick Perkins: Thank you.

I'll pass the rest of my time to Mr. Arnold.

Mr. Mel Arnold (North Okanagan—Shuswap, CPC): Thank you to the witnesses for this.

Mr. Waddell, in the legislation and regulations developed and implemented on the east coast, are there any gaps in assessing, monitoring and enforcing to make sure the intent of the legislation and regulation to identify beneficial ownership is actually honoured. Are there any gaps?

Mr. Mark Waddell: I would turn that one over to my operational colleague.

Mrs. Jennifer Mooney: I'm sorry. Could you clarify the question, please? I apologize.

Mr. Mel Arnold: In the legislation and regulation implemented on the east coast, are there any gaps in assessing, monitoring and enforcing to ensure the intent of the beneficial ownership is being implemented?

Mrs. Jennifer Mooney: In terms of my role.... I can't speak to enforcement, but I can say that we have implemented a number of measures to ensure that licence-holders are compliant, essentially, with the inshore regulations. On the national online licensing website, when harvesters go to pay their fees, they have to declare that they're in compliance with those regulations. As I said, we are doing spot checks and administrative reviews to ensure that licence-holders are indeed compliant with those regulations.

Mr. Mel Arnold: Thank you.

Ms. Barron started to touch on the survey that went out on the west coast. We heard the survey went out to the wrong people. It went to the licence-holders, not the people who are actually fishing.

Can you elaborate on why that took place, Mr. Waddell?

Mr. Mark Waddell: The parties on record as the owners of the licence were those who were contacted.

Mr. Mel Arnold: It was not the actual people who were fishing. It was the owner of the licence. Was that the vessel licence or the fishing licence?

Mr. Mark Waddell: It was both. We engaged with and sought information from both party-based licence-holders and vessel-based licence-holders in the Pacific.

• (1140)

Mr. Mel Arnold: Okay, thank you.

I believe, Madam Mooney, that it's your responsibility—this national licensing operation and so on.

The legislation and regulations have been developed and somewhat implemented on the east coast. Why have they never been on the west coast?

Mrs. Jennifer Mooney: I can't speak to that. Perhaps I'll turn it over to Mr. Waddell.

Mr. Mark Waddell: I think that historically the Pacific fisheries were developed with a different intent, and different methodology was employed. We introduced, as an organization, back in the 1960s—

Mr. Mel Arnold: Do we not have the same issues now—

The Chair: I'm sorry, Mr. Arnold; we've gone over time by half a minute.

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

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

I, too, want to send my condolences to the family and to everyone associated with the tragedy on the east coast with the two fishermen losing their lives. Obviously, I'll give a shout-out to Serge Cormier and his constituents as well in respect of that tragedy.

For those watching at home, I think one thing we need to clearly articulate and identify is that there are two distinct fisheries, one on the east coast and one on the west coast, and I'm just going to focus on the east coast for a second.

I'll start with Mr. Waddell and work my way around this room and then perhaps online.

The principle of the owner-operator was enshrined into law. It is absolutely essential on the east coast in terms of ensuring that local people operate this industry and that the wealth stays in the community. For obvious reasons, the spinoffs that emerge from that are really important.

There are a couple of questions. One is what we have learned about owner-operators on the east coast in terms of what is working, what needs to be strengthened on the east coast and what we can learn in terms of that application on the west coast, knowing that there are nuances to that fishery.

I understand that there are surveys and stakeholder engagement, but I'm interested from a departmental level. What have we learned from the east coast? What can be strengthened there? How could that be applied from a departmental perspective? Not to bias any discussions or survey results, what can we learn from both the east and west coasts? How can they be strengthened on the east coast, and how do they need to be employed on the west coast?

Mr. Mark Waddell: What I might offer, frankly, is the tremendous value of the perceptions and the information held by licence-holders in identifying those challenges to DFO.

Certainly, when we developed the inshore regulations in conjunction with inshore harvesters, their insights into the mechanisms employed within that fishery and the relationships they hold with processing facilities across Atlantic Canada and Quebec were invaluable to the department. It was through those discussions and consultations that we were able to develop the inshore regulations in a way that sought to meet the joint objectives of both the department and the affected community, the inshore licence-holders, as well as to not overly prescribe limitations that might affect valid business relationships that are established.

Mr. Mike Kelloway: Ms. Mooney, would you like to speak to that?

Mrs. Jennifer Mooney: To add, obviously we all recognize the important value and contribution that fishers and inshore fishers play in the Canadian economy and the Canadian fishing industry.

What I will say is that, having looked now, so far, at about 23% of licence-holders in an in-depth review of licence-holders' eligibility under the inshore regulations, I would just say that, thanks to the work between licence-holders and the department, we are seeing a high degree of compliance with those regulations. I thought that was important to know.

Mr. Mike Kelloway: Is there anybody on the screen who would want to...?

Go ahead, Doug Wentzell.

Mr. Doug Wentzell (Regional Director General, Maritimes Region, Department of Fisheries and Oceans): Maybe just to build on the comments of my colleagues, Mr. Chair, I would say that the department certainly benefits from the fact that these measures are in regulation right now. There is clarity around the fact that an inshore licence-holder needs to benefit from the fishery. They need to participate; they need to make decisions on that fishery, and they need to be on the vessel, etc.

It gives us a lot of clarity in terms of being able to ensure compliance, and part of that is ensuring continued education awareness. We're going to be continuing to put a priority on that, particularly as we see turnover in the fishery, with new entrants and licences changing hands, to ensure that folks understand that it is a regulatory requirement now.

• (1145)

Mr. Mike Kelloway: Neil...?

Mr. Neil Davis: In terms of applicability on the west coast, I think some of the key considerations for us would just be, if we were to explore that, to approach it in the context of the history that has developed with west coast fisheries.

For example, in the absence of policies like these, for our fisheries, we have agreements that are fairly well established or longstanding, which may provide access to capital for harvesters for either licences or quota or other fishing assets.

We have examples of where licences and/or quota have been acquired by processors, and there's been, since the introduction of things like quotas, rationalization in fleets, in which quota has moved between licence-holders so they can make their fishing operations viable.

We would also want to take into account some of the elements of the way, as I understand it, the policies have been implemented on the east coast to consider things like the exemptions that are in place for certain fleets, given some of these kinds of factors, and to be clear about the objectives we're trying to achieve through the introduction of anything like the policies on the east coast for our fisheries.

Given all of that, I think if we were to go down this road, engagement with fisheries stakeholders and indigenous groups who have a significant role in commercial fisheries would be absolutely critical.

Mr. Mike Kelloway: Thank you.

The Chair: Thank you for that.

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

Go ahead, please.

[*Translation*]

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

I too, on behalf of the Bloc Québécois, would like to offer our deepest condolences for those who have disappeared in the Acadian Peninsula region. Two firefighters also lost their lives in the flood disaster in our region. It is a very sad spring.

I thank the witnesses for being with us.

I have a question about the Competition Bureau. Are you able to tell me when the Competition Bureau becomes involved in the sale of a fishing licence or a processing business in the fishery?

[*English*]

Mr. Mark Waddell: With regard to the sale of a licence itself, I do not believe the Competition Bureau would have a significant role. What we have seen encouragement for the Competition Bureau to turn its attentions to is the sale of processing facilities.

With that said, the Competition Bureau, as an entity of ISED, does have different dollar thresholds and different concentration thresholds that it explores within Canada's industries, and it determines those as ISED directs it to.

[*Translation*]

Mrs. Caroline Desbiens: I think it normally comes into play when the deal is \$1 billion or more.

Do you look favourably on the idea of fisheries becoming a natural resource on a par with timber, minerals, and fossil fuels in the context of the Competition Bureau?

[*English*]

Mr. Mark Waddell: I think we have, in part, undertaken the beneficial ownership survey, since we have a factual baseline of information, to subsequently have that public policy discussion with-

in Canada's fisheries—with affected stakeholders, parliamentarians and others—to determine when an appropriate level of foreign ownership may or may not prove to be within Canada's fisheries.

The Chair: Thank you, Madame Desbiens.

There's about 14 seconds left, not much time to get in a question and an answer, so we'll go to Ms. Barron for two and a half minutes or less. Go ahead, please.

Ms. Lisa Marie Barron: Thank you, Chair.

My question is for Mr. Waddell.

Mr. Waddell, in the next panel we will be hearing from witnesses from Coastal First Nations. Coastal First Nations, as you know, is composed of first nation territories that cover the vast majority of marine areas in the northern waters of British Columbia. All of these nations have ocean-based fishing families and communities that continue to rely on fish, fish habitat and fisheries in their territories for food security, cultural, survival and economic needs.

As you know, these nations, along with Coastal First Nations, signed an agreement, the Fisheries Resources Reconciliation Agreement, in 2021.

Now, I'm trying to pack a lot of information into a very short question, but ultimately what I heard from both the Coastal First Nations, through a letter that was sent to the minister, and other indigenous fishers, through a recent event, Fisheries for Communities, was that corporate and foreign ownership is driving up the prices and resulting in real problems with this agreement and the nations' abilities to meet the needs the agreement was intended to meet.

I'm wondering if you can share with us, please, whether you've had an opportunity to meet with Coastal First Nations and other indigenous nations to implement a fair, transparent and collaborative process to ensure there's a policy in place that works for local communities and indigenous nations.

• (1150)

Mr. Mark Waddell: At this point in time, Mr. Chair, I have not had an opportunity to meet with Coastal First Nations other than a brief introduction this morning on the margins of this meeting. That being said, my regional colleague does meet with them on a regular occasion.

I would say that this is precisely, Ms. Barron, why we undertook the beneficial ownership survey: so we would have a factual basis on which to make a determination as to the possible extent of foreign ownership.

Ms. Lisa Marie Barron: Thank you, Mr. Waddell. Perhaps I will also follow up when they are here.

I have just a few seconds left. Can you please share the information that was lacking—that you referred to at the beginning of the meeting—to effectively assess the concerns that have been put forth? You said that there was information lacking. What are one or two things that are missing?

Mr. Mark Waddell: That was the rationale for which we undertook the beneficial ownership survey. It was because the DFO, at that point in time, did not hold information on the full corporate structure of licence-holders. We undertook the survey to gain that information and to allow us to make informed policy decisions.

The Chair: Thank you, Ms. Barron.

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

Mr. Richard Bragdon (Tobique—Mactaquac, CPC): I'll defer my time back over...to Mr. Arnold, I believe.

Mr. Mel Arnold: Thank you. I wasn't quite ready, but I will be.

We spoke about the vessel licence ownership and the fishing licence ownership. Ms. Mooney or Mr. Waddell, can you speak to the challenges that the vessel owners are facing when they are forced to pay prices per pound per quota at the beginning of a season, not knowing what the actual sale price will be? How are you working to address that issue that we hear about on the west coast?

Mr. Mark Waddell: If I may, Mr. Chair, I might defer that question to my regional colleague, although that might be one that we would struggle with, admittedly.

Mr. Neil Davis: I think the department's focus on the west coast has really been about trying to achieve those conservation and economic viability objectives for the fishery. In terms of our role governing what arrangements fishers might make with others who hold quota that they want access to, it has largely been left for them to negotiate arrangements that will work in their best interests. I think some of your witnesses later today may have some really interesting insights with regard to that.

Mr. Mel Arnold: Thank you.

Perhaps you could also explain why there was such a delayed response to the FOPO report that was tabled in May 2019. This is now four years later, May 2023, and we're really only hearing of just very preliminary steps in addressing the inability of, basically, anyone to track down who the beneficial owners are of the licences and quotas on the west coast.

Mr. Neil Davis: We actually have been working quite actively since the committee's report to respond to the recommendations. I think we were quite explicit from the outset that we saw that happening in a staged way, because there were so many recommendations, a number of which were quite complex and complicated to address. Since the committee's report, we have taken immediate steps to respond to some of the recommendations and to set ourselves up for engagement on the balance. For example, we have implemented some new surveys to collect additional socio-economic data about the fishery that, as my colleague Mark Waddell was alluding to with respect to the beneficial ownership survey, will give us a more informed basis for discussion.

We have—

• (1155)

Mr. Mel Arnold: Our time is quite limited here. Thank you.

Could you table the steps you have taken so far, so it can be part of the study as we move forward—to make sure that we're making the best use of our time here?

We have heard from harvesters on the west coast that you started to, basically, dismantle the existing system by allowing the unmarrying of licences held by vessel owners. However, you did that without putting in place any steps to ensure who those licences were being sold to or to track the actual beneficial ownership. Can you explain why you did that? Have you done anything to change that?

Mr. Neil Davis: We've made a number of attempts over the years to engage different fleets regarding some of the rules that govern their fisheries: marrying, licence stacking.... These provisions vary from one fishery to the next, so it matters which fishery we're talking about. Generally, we have used our engagement and consultation process to implement changes where we have a certain breadth of support for doing so. There are some fisheries in which marrying and stacking are a part of the history of the fishery, but we have changed the way we manage the fishery so that those aren't necessarily measures we need to achieve our conservation objectives. Therefore, we are open to changing them if they provide the fishery with more flexibility.

However, if we don't encounter enough support for making those changes, we have, generally, been sort of reluctant to make changes, because they have financial implications for the harvesters who are participating in those fisheries.

Mr. Mel Arnold: Have you reversed any of those processes since we first heard about the unmarrying of licences and the failure to track beneficial ownership?

Mr. Neil Davis: I'd need a bit more specificity to provide you a good answer, but as I said, we would ensure that we were going through the appropriate engagement process to make any sort of policy changes with respect to how we—

Mr. Mel Arnold: Perhaps we'll hear more from the harvesters when they appear.

Thank you.

The Chair: Thank you, Mr. Arnold.

We'll now go to Mr. Morrissey for the remaining four minutes, please.

Mr. Robert Morrissey (Egmont, Lib.): Thank you, Chair.

I want to follow up on the line of questioning from Mr. Kelloway, because the east coast and the west coast are two very different dynamics.

On the east coast, under owner-operator, can either Mr. Waddell or Ms. Mooney clarify who can hold financial security on an in-shore licence?

Mr. Mark Waddell: It's either a Canadian individual or an individual or a company wholly owned by a Canadian, and again, there are residency requirements to ensure that those provisions are—

Mr. Robert Morrissey: If I wanted to go and buy from somebody and I'm the fisher, to arrange financing, at one time there was no security allowed on the licence, but that was changed under owner-operator to allow new entrants coming into the fishery to use the licence for security for a financial institution.

Can you expand on who is legally able to hold security on an in-shore fishing licence for financing purposes?

Mr. Mark Waddell: Thank you, Mr. Chair.

You're correct on that. Registered financial institutions are able to—

Mr. Robert Morrissey: It's only registered ones, so only chartered banks, credit unions and government lending agencies can hold security....

Why I'm going to this is that there would be an issue if we allowed corporate fish processing entities to extend financing to a commercial fisher to acquire a licence, because then you're getting into the grey area of controlling where the product goes.

Mrs. Jennifer Mooney: Perhaps I can add to that.

Yes, licence-holders can obtain financing from both registered and non-registered financial institutions, and licence-holders—

Mr. Robert Morrissey: Non-registered financial institutions...?

Mrs. Jennifer Mooney: Yes, and there are instances in which licence-holders enter into agreements with processors, for example, for the financing. That was done as a way to ensure that licence-holders have access to capital, and that's one of the reasons—for example, when we're looking at those loan agreements—that we're not just looking at what's on paper. We're looking to see that those loans, for example, are in fact being paid down.

Mr. Mark Waddell: Those provisions were specifically introduced at the request of the federation and members of the Atlantic inshore fishery, in order to ensure they had access to capital and were not limited in that regard.

• (1200)

Mr. Robert Morrissey: Okay. Could you provide the committee with the written policy as it relates to who can hold security on a licence that is issued by DFO to an inshore fisher? I was not aware that a processor has the same right to extend credit and hold the licence as security as do chartered banks, credit unions and other institutions.

My second question in the time I have left, Mr. Chair, is on one of the concerns coming out of the east coast, but it's one that I just want clarified and that I don't believe DFO has any control over. It's the growing concentration at the buyer level, the fish processing level. DFO has no control over the licensing of who is processing seafood on the east coast. Am I correct?

Mr. Mark Waddell: You are correct.

Mr. Robert Morrissey: That's exclusively a provincial jurisdiction, the monitoring of who is gaining control and who has ownership of all the processing capacity in the east coast....

Mr. Mark Waddell: That is correct: Fish and seafood processing facilities are licensed by the provinces, and each province has its own legislation in that regard.

Mr. Robert Morrissey: Thank you.

The Chair: Thank you, Mr. Morrissey.

That concludes our first hour of committee business today.

I want to thank the witnesses from the department for coming today and for answering such valuable questions and providing such wonderful answers. I'm sure this will make a great part of our study at the end of the day.

We'll suspend for a moment while we switch out for the next panel.

• (1200)

(Pause)

• (1205)

The Chair: I would like to welcome our second panel of witnesses.

Representing the BC Seafood Alliance is Christina Burridge, executive director, by video conference. Representing the Fish, Food and Allied Workers union of Newfoundland and Labrador, we have Mr. Greg Pretty, president, also by video conference. Representing the Coastal First Nations Great Bear Initiative is Paul Kariya, senior policy adviser. Christine Martin is not here, so we have Paul Kariya.

There used to be a hockey player by that name at one time. Wasn't he in the NHL?

A voice: Yes.

The Chair: Thank you for taking the time to appear today. You will each have up to five minutes for an opening statement.

We'll start off with Ms. Burridge, please, for five minutes or less.

Ms. Christina Burridge (Executive Director, BC Seafood Alliance): Good morning from Vancouver, everyone.

I'm here for the BC Seafood Alliance. That's an umbrella organization whose 30 members represent fisheries accounting for about 90% of the value of wild seafood from Canada's Pacific coast. Our members are commercial harvester associations and most major seafood processors.

I want to make four points.

First, foreign investment and corporate concentration are not challenging the success of west coast fisheries. Reduced access is the main impediment.

Second, DFO's beneficial ownership study should tell us if there is an issue with foreign investment in B.C. fisheries. Really, I don't expect that there will be much of one.

Third, most fish harvesters in B.C. are incorporated for the same reason as other businesses are.

Lastly, quota reallocations under the Canadian integrated groundfish program happen daily and are necessary for the efficient, sustainable use of the resource.

To go to those points on access, the northern shelf bioregion MPA network will reduce access for key species by 25% to 45%, despite the fact that 25% of B.C.'s waters are already protected. That percentage should rise to 35% by the end of 2023. It's this that is driving harvesters out of business; it's not licensing policy.

On ownership, we want to see a discouraging of speculation, not of investment. We have proposed ways to do this, such as a licence and quota registry, as well as a shared risks and benefits policy to ensure predetermined percentage returns to quota holders, vessels and crews, so that the lessor is not saddled with the risk.

On foreign investment, two of my processing members have foreign owners. They are solid Canadian operations that have invested in communities such as Ucluelet and Port Edward when no other domestic operator was prepared to do so. Where they own licences, those Canadian companies do so to ensure the plant has access to fish, which provides jobs for Canadians and revenue to local communities.

On corporate concentration, the oft-asserted view that B.C. is a corporate fleet misses the point. Most fishermen are incorporated for the same reasons that other business people are; that is, for liability protection and business planning, and to provide for essential capital investment. Most vessel-based licences are owned by two or more parties that operate as a joint venture. There are dozens of variations on these arrangements, often between a processor and an operator or operators. These arrangements encourage the kind of co-operation that a report for Agriculture Canada says is essential to improving prosperity in Atlantic fisheries.

We benefit from a diverse fleet and a diverse range of processing companies. For instance, before the halibut fleet went to ITQs in 1991, only large corporations had the capacity to process the volume, and they purchased approximately three-quarters of the landed catch. Now that harvesting takes place over nine months rather than six days, processing is dominated by small, specialist processors who deliver a high-quality, high-value product.

Furthermore, the Canadian Fishing Company does not own everything. It owns 30% of roe herring seine licences, 12% of roe herring gillnet licences, 4% of salmon licences, 21% of groundfish trawl quota, 15% of Pacific hake quota, 3% of halibut, 2% of sablefish and no shellfish quota at all.

On quota reallocation in groundfish, the integrated program integrates the management of some 66 different stocks, seven fisheries and three gear types. It accounts for about two-thirds of all B.C. landings. This program requires full accountability for every fish caught, whether retained or discarded. Temporary reallocations cover bycatch and allow for full utilization within science-informed catch limits. These reallocations require DFO approvals and various checks and balances, such as a 1% cap on halibut quota, or species caps and holdings caps for trawl.

• (1210)

I would just leave you with the message that good policy comes from good data. I urge you to base your recommendations on facts, analysis and evidence rather than anecdotal information.

Thank you very much.

The Chair: Thank you, Ms. Burridge.

Just as a reminder to witnesses, if you're giving a statement, don't put your hand over the mike. It makes it a bit muffled, and the translators can't get it fully.

Ms. Christina Burridge: I apologize.

The Chair: I just wanted to make note of that.

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

Mr. Paul Kariya (Senior Policy Advisor, Coastal First Nations Great Bear Initiative): Thank you, Mr. Chair.

You got the lesser Paul Kariya, though we're proud and thrilled for him as a hockey player and for what he accomplished. I'm only slightly less well known than he is.

Thank you to the committee, and thank you to the other witnesses, including my good friend Christina. I know that we're probably going to disagree on more things than we agree on this time around, but she is a good friend and colleague.

I also want to say that my friend, colleague and boss, Christine Smith-Martin, is ill this morning. She is here in Ottawa, in her hotel room, and has asked me to give these remarks, which are hers, to the committee.

I want to acknowledge the first nations of the Algonquin and the Anishinabe, the local peoples whose traditional territories we're meeting on, and, as was mentioned earlier, the loss of life of fishermen on the east coast but also the loss of life among west coast fishermen. Two Haida fishermen passed away fishing in Skidegate Inlet three days ago. I wanted to mention that.

I'm Paul Kariya. I work as a senior policy adviser for the Great Bear Initiative Society, also known as Coastal First Nations. Our organization has been together for about 20 years and has had great success in working together with federal and provincial governments on key land and marine policy issues.

The Haida Nation, Metlakatla First Nation, Gitxaala Nation, Gitga'at First Nation, Kitasoo/Xai'xais First Nation, Heiltsuk first nation, Nuxalk Nation, and Wuikinuxv Nation, whose territories include over 40% of marine waters and coastline in British Columbia, are the member nations of the Coastal First Nations Great Bear Initiative organization. While of vast geography, the region has a relatively sparse population. Approximately 23,000 people live here, with close to 50% being first nations peoples, yet we currently hold less than 6% of the commercial fishing access in the region.

For all our communities, fishing has been integral to our economies. However, licensing regimes have led to the conglomeration of licences into investor and corporate hands without regard for the coastal people. Most of our Coastal First Nations members and communities have limited economic opportunities other than fisheries. This coastal region does not have the advantage of the diversity of economic opportunities, services or amenities enjoyed in urban settings. Given the remoteness of the communities, fish are fundamental to first nations as a source of economic, cultural and social well-being. As such, meaningful economic development for first nations in this region must include restoring our access to fisheries as a foundation of our local economies.

Coastal First Nations members have a long history of success in the commercial fishing sector. However, the participation of first nations fishers was significantly reduced in recent decades due to fleet rationalization initiatives that disproportionately affected indigenous fish harvesters, as well as the ongoing corporate concentration of licences and the depletion of marine resources. In general, coastal communities have become increasingly disenfranchised from the resources that originally built them.

Our nations, together with the Great Bear Initiative Society, signed the transformative Fisheries Resources Reconciliation Agreement, or FRRA, in July 2021. It commits Canada and our nations to the collaborative governance and management of fish, fish habitat and fisheries, including financial support for increased access to commercial fishing licences and quota for the nations.

One of the key objectives of the FRRA is to create conditions whereby first nations members can participate fully in the fisheries economy that is foundational to their past and future. Significant funds were provided by Canada to the nations through the agreement to support increased commercial fishing opportunities.

However, this access is based on a willing-seller and willing-buyer transaction, whereby we must buy all the licences and quota from the marketplace and compete with every other interested party. It is well documented that for many commercial fishing licences and quota categories, long-standing corporate and investor concentration, combined with growing offshore ownership and investment of B.C. licences and quota, have driven up prices and continue to do so. Many species fished in B.C. have licence and quota values that far exceed any reasonable return on investment for an independent fisher or a small fishing company.

• (1215)

A direct example is from one of our commercial fishing enterprises, which was recently pursuing the purchase of a high-value dive fishing licence in B.C. for a high-value product sold in Asia. A broker had a licence available for sale, and a reasonable offer was

made by the CFE, based on fair market valuation at the time. The broker mentioned not to bother making another offer, as they had a blank cheque from an offshore buyer who was already offering 25% more than the current market value—

The Chair: I have to interrupt you there, Mr. Kariya. We've gone over time. I will note that the members will be circulated a copy of your statement.

We'll go to questions from the members now. We'll go to Mr. Arnold for six minutes or...

Wait. I forgot Mr. Pretty, who's with us all the way from Newfoundland by camera. What technology we have today.

Mr. Pretty, you have five minutes or less, please.

You're on mute, Mr. Pretty.

Mr. Greg Pretty (President, Fish, Food and Allied Workers Union): I hope I didn't lose my time for that.

The Chair: No. That forgives me for not getting to you.

Mr. Greg Pretty: I'll take an extra minute. Thank you, Mr. Chair.

On behalf of the 13,000 members of our union, thanks for the opportunity to address the honourable members today.

We, the FFAW, represent every single harvester in this province, encompassing about 3,000 owner-operator enterprises and their over 7,000 crew members. Our scope of membership also includes thousands of workers in the fish processing plants, aquaculture, marine transportation, hospitality and other sectors.

In this province, the value of the inshore fishery cannot be underestimated. It is our oldest industry, is closely connected to our culture, and continues to give economic stability and opportunity to coastal communities. Throughout our rich history, hard-working Newfoundlanders and Labradorians have devoted their lives and livelihoods to the ocean around us. This dedication continues to be a backbone of the province, supporting a \$1-billion industry each year, which continues to grow and present new opportunities.

Today our collective success depends on keeping the value of this industry in capable hands, not just for Newfoundland and Labrador, but for all of Canada. It's been acknowledged time and again that preserving our foundation, the foundation of an owner-operator fishery, is crucial to the economic sustainability of coastal communities.

However, we have experienced increasing foreign control of the processing and corporation sectors. Major control of our fishery being given to foreign governments not only has negative impacts on fishing licences and quotas; it also creates significant barriers to new entrants, thereby suppressing succession planning for the industry.

Increasing corporate control has very negative repercussions. It has depressed wharf competition, stifled the ability for harvesters to seek new buyers and forced labour relations into a binding arbitration system tilted severely in favour of the processors. For years our members have had to fight and act against companies that attempt to dictate the terms of the inshore fishery and actually coordinate efforts not to buy landings. Can you believe that in 2023 we're still fighting that battle?

I've heard references to Royal Greenland. I won't go into great detail—hopefully I'll just get through what I have to say—but the interests of harvesters and plant workers in Greenland compete with the interests of harvesters and plant workers in Newfoundland. That doesn't make any sense, but it happens. Who do you think gets the smallest share? Royal Greenland will purchase seafood from wherever has the greatest benefit for Greenland.

In 2020, it showed no interest in buying Newfoundland and Labrador shrimp, thumbed its nose at collective bargaining and then locked out harvesters for most of the shrimp season. They deliberately avoid competition by agreeing to serve only certain territories or customers and knowingly restricting production and supply. That's considered cartel-like behaviour, as some people have referenced already today. It's cartel-like behaviour by the Competition Bureau's own definition.

Royal Greenland secures conditions to control all aspects of the fishery, including ensuring subsidiaries have privileged access to quotas or landings, despite such practices not being permitted in the inshore fishery. To circumvent Canadian federal regulations, Royal Greenland has created its own form of vertical integration through the acquisition of contracts that place it illegally in control of harvester licences. I think that's the key in my messaging today. Corporate concentration has inflated the cost of licences, and in many cases an inshore harvester does not have access to that level of capital. That was already discussed earlier today.

A processor needs to secure a supply of raw material, so that processor pays for a licence in the name of the inshore harvester, thereby owning the licence and hiding behind the name of that harvester. The processor then controls when the licence is fished, who fishes it, which boat is used and how much the harvester is paid.

I want to jump on to the next aspect, because the federal government has made progress to strengthen owner-operator and fleet separation policies. That's been done. Enshrining the owner-operator policy into law in 2021 was celebrated right across this industry, as it set out to protect the value of the fishery by ensuring that it remains in local communities.

However, as a regulatory body, DFO has proven to be un-equipped to enforce this policy. DFO has yet to move forward with any penalty in the over 30 files it has investigated since the policy

became enshrined in 2021. Instead, the reaction has been to gently guide corporations back to compliance. That's not working.

• (1220)

If you're watching what's going on in Newfoundland and Labrador today, we've had three fisheries come to a complete halt because of the markets, but also because of corporate concentration, which is out of control.

Much to the significant disappointment of independent harvesters across Canada, the owner-operator policy has proved to be nothing more than a workshopping exercise for DFO, without any deterrents or consequences for violations. A message from the department expressing a commitment to protect the owner-operator fisheries is now critical to restore confidence in this legislation.

As Canadians and as Newfoundlanders and Labradorians, we ask this: Will the future of our fishery be vibrant and sustainable—composed of thousands of small businesses in the water that continue to contribute to the rich fabric of culture and our country's economy—or will it be controlled by a small handful of companies, processed offshore or internationally, removing the wealth of our sustainable resources from the adjacent communities that depend on them, in order to serve another country's bottom line?

It is incumbent upon every member here, and all Canadians who value our oceans, to protect this public resource and ensure it is the people of Canada who enjoy the economic and societal benefits that come from our waters.

I appreciate the attention given to the gravity of this situation by the committee members, and I look forward to answering any questions to the best of my ability.

Thank you.

The Chair: Thank you, Mr. Pretty.

We'll now go to the rounds of questioning I tried to go to by accident, before you spoke.

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

• (1225)

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

Again, let's recognize the harvesters and fishermen who were lost on both coasts over recent days. It's a tragic...and sometimes very dangerous profession. I want to recognize the efforts they put in, and the first responders and search and rescue people who put efforts in, as well.

I'll start off with a couple of quick questions for Ms. Burrige, if I could.

Ms. Burridge, in your opening remarks you said that, under corporate concentration, “Most vessel-based licences are owned by two or more parties that operate as a joint venture. There are dozens of variations on these agreements, often between a processor and an operator or operators. These arrangements encourage the kind of co-operation that a report for Agriculture Canada says is essential to improving prosperity in Atlantic fisheries.”

Would you be able to forward that report to the committee? I don't believe I've seen it, and I'm not sure whether other FOPO members have.

Ms. Christina Burridge: Yes, I can certainly do that, Mr. Arnold.

The Chair: Ms. Burridge, could I ask you to lower the boom on your mike, please? It's up way too high.

There you go. We'll hear you that much better.

Mr. Mel Arnold: Thank you.

Also, in your opening statement, you talked about ownership and discouraging speculation over investment. Briefly, could you provide what a beneficial ownership policy would look like, if that's not what we have now?

Ms. Christina Burridge: I think we have to go back to what Mr. Waddell said. We need some information about the extent and nature of foreign ownership so that we can decide whether we have an issue here. If we have an issue, what's the problem we want to solve, and what are the mechanics for solving it?

Mr. Mel Arnold: Thank you.

Ms. Christina Burridge: We don't know any of that at the moment.

Mr. Mel Arnold: You don't know what it would look like. Is that what you said?

Ms. Christina Burridge: I don't think we know where the beneficial ownership of licences on this coast lies, and I think that is the first step in any process.

Mr. Mel Arnold: What's the biggest impediment to knowing where the beneficial ownership lies?

Ms. Christina Burridge: First of all, DFO didn't have any data until it embarked on the survey. Secondly, I was very pleased to hear from Mr. Davis that it appears DFO is going to move towards a public licence and quota registry.

Mr. Mel Arnold: Thank you.

I'll turn my questions now to Mr. Kariya.

Mr. Kariya, thank you for speaking. I listened to you speak at the Fisheries for Communities conference a couple of months ago in Victoria. I was very encouraged to hear what you said.

On reconciliation and the FRRA agreement you spoke about.... Could you elaborate a little on the actual title? I don't think I captured it quite correctly. Also, what is the purpose of that agreement?

Mr. Paul Kariya: The FRRA is a major reconciliation agreement negotiated by the eight first nations who are our members and the Government of Canada. It has three broad objectives.

The first one is to restore participation in the open commercial fishery rules of DFO and our member nations.

The second one is to restore an artisanal fleet and fishing for food that a nation would be able to sell if it chose to. That artifice, which has put a lot of people in jail for no reason through the years, will disappear, but the fish will have to be counted, securely processed and all of that. There's a big commercial fishery and a small fishery for food security in that, and there would be some incidental sale.

The third component of that agreement is co-management. There's been co-management and there have been co-management agreements, but this will be.... It will take some time, between DFO and us, to have a schedule of how it will be implemented. For all of the species for which we have—we heard the term earlier—an integrated fish management plan, an IFMP, they will be jointly developed with our nations and DFO. Right now it's the minister who signs off and approves. Going forward, it'll be both the first nations for our areas and the minister.

Mr. Mel Arnold: Thank you.

Is that agreement open to the public? Are we able to see that agreement as FOPO members?

Mr. Paul Kariya: Yes, the main agreement is obviously a public document. I'll say upfront that there are schedules and annexes that have financial components that are business confidential.

• (1230)

Mr. Mel Arnold: Thank you.

You spoke about a dive fishing licence. I'm guessing that might have been geoduck, from things that I've heard. It basically became unavailable to local operators because of a bid by foreign entities.

Are you aware of other cases in which we see licences or quota being bought up on the west coast by non-Canadians?

Mr. Paul Kariya: Yes. I'm careful in how I say it, because our nations are still trying to work in the marketplace, and it's a fairly small world out there. The actual example was sea cucumber, but there are other examples, and they include geoduck.

Mr. Mel Arnold: Are there efforts by processors to influence who owns licences and quotas on the west coast as well?

Mr. Paul Kariya: Yes, I believe so. I'm hesitant only because I haven't heard the actual case situations, but from past experience—and I mean “past” experience—I'd say yes.

Mr. Mel Arnold: Thank you.

The Chair: Thank you, Mr. Arnold.

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

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

I appreciate the attendance of our witnesses today.

In 2019, we tabled that report, the sharing of risks and benefits, and certainly the fatalities that we've noted on the east and west coasts underscore the risks that harvesters face in return for benefits that just don't measure up, from every indication we've had.

My first question is for Ms. BurrIDGE.

Is it fair to say that corporate ownership of processing is really...? The two dominant companies are Canfisco and Jim Pattison. Is that right?

Ms. Christina BurrIDGE: Canfisco is part of the Jim Pattison Group of enterprises.

Mr. Ken Hardie: Of course, Canfisco is owned by Jim Pattison.

Ms. Christina BurrIDGE: Yes.

Mr. Ken Hardie: I have some statistics here. Canfisco is recorded as owning 243 licences at \$25.4 million in value. Pattison has 135 licenses at \$22.9 million in value.

The next one on the list of top owners is Elma-K, which has 18 licences valued at \$8.2 million.

Does that not suggest a problem of concentration of ownership, Ms. BurrIDGE?

Ms. Christina BurrIDGE: Mr. Hardie, I gave you the number of licences owned by Canfisco and Jim Pattison enterprises. I think that speaks for itself, that they are not the dominant force. If anything, they are probably trying to divest their interests in British Columbia.

Mr. Ken Hardie: I'd like to see some evidence of that.

Ms. Christina BurrIDGE: I think you will.

Mr. Ken Hardie: When we look at incomes—and this will be for Mr. Kariya—the statistics are interesting. They reveal a bit, but they hide some vital information.

Overall, when it gets to the retail sector of the B.C. fishery re-tailed between restaurants, food stores, etc., it's worth about \$1.5 billion. At the wholesale level, it's about \$850 million. The land and value to fishers is \$400 million. This is what we hear. That's the gross.

I would suggest that, particularly where the harvesters are concerned, the \$400 million, when you net out what they're paying to get the right to fish, is an awful lot less.

Mr. Paul Kariya: I'd agree with you, Mr. Hardie.

The Chair: Before you start, Mr. Kariya, I'd ask Ms. BurrIDGE to lower the boom on her headset just a little, so that we can get the proper translation.

Go ahead, Mr. Kariya, please.

Mr. Paul Kariya: Thank you, Mr. Chair.

I would agree with you, Mr. Hardie. I think we all know there are examples of fishermen who hold and own their own licences and fish them. If we compare their returns to those of fishers who are indentured to holders and owners of quota licences, there is no comparison. One is barely eking out a living, maybe not eking out a living, whereas one is doing quite well. Hence, the owner-operator model in first nations is something that we've been pushing for-

ward, because we can see it working. However, that's unfortunately not what's happening right now.

Mr. Ken Hardie: You mentioned the competition for that sea cucumber licence and that the foreign purchaser came in with a lot more money than anybody locally could offer. Do you suspect that foreign interests are actually overpaying for access to either quota or licences? Are they basically throwing around a lot of money for whatever reason?

• (1235)

Mr. Paul Kariya: I hear all sides of the argument. Some would say to me, "Paul, it's the marketplace. If someone has excess money to throw around, it's their business; it's part of the market." How do you peg what is a reasonable return or what is reasonable in what has been a more stable market? One might argue about that, too, from the past. However, it appears that there's something that's really gone out of whack with folks who are putting up money that does not reflect any recent or past trends. They're prepared to suck it all up.

Mr. Ken Hardie: Would it to surprise you to know the recent Cullen commission on money laundering in B.C. paid some attention to the ownership of licences and quotas based on the fact that people wanting to launder money or hide money in North America were prepared to pay 30% or more over market value just as a place to land their dollars in Canada?

Mr. Paul Kariya: It was shocking and stunning and disappointing to have fish lumped in with excessive housing and real estate monies, fancy cars and so on in that money laundering investigation, absolutely.

Mr. Ken Hardie: We know, and we've heard pretty graphic testimony in any number of hearings, of the marked difference between the east coast fishery and the west coast fishery. They evolved differently. Looking back in time, as you can, Mr. Kariya, was there a reason for the way things were done in British Columbia? As we look to what is a clear desire to move to an owner-operator type of regime for British Columbia, is there anything in what we've developed in B.C. over the years that's worth keeping?

Mr. Paul Kariya: That's a hard one to respond to, Mr. Hardie.

I grew up in the commercial fishery. To the chair's question about Paul Kariya, I'm proud, when I give public talks in other spheres, to say that there was a boy in the NHL whose grandfather came to Canada to fish.

I remember, from when I was a boy, when the first Davis Plan came in and my father, as a fisherman, was thinking through his options of a category A licence versus a category B licence, and then as herring and that went on.... Christina can recount some of this, too, from her time.

What to keep and what to throw away requires some thoughtful, complex thinking. I think first nations have suffered from being excluded from when the commercial licensing regime came in. That must be rectified. I think that's what the reconciliation agreement stands for. However, I think beyond that there's so much more. Again, this committee probably isn't the place to get into what's wrong with how resources have been managed in our province to the detriment of first nations, who I work for today. I don't want to give a glib answer and say, "Throw it all out," or get into it without a further understanding of it, but there is a lot that needs to be changed, I suspect. We haven't gotten into the restoration of fish and fisheries. We haven't gotten into the overall management. Christina, in her opening comments, gave a comment about the northern bioregion marine protected areas network that we're working on.

I want to say that it's not just accessing fish to sell to make money that our nations are concerned about. They're thinking about all of our long-term futures in terms of how the resource—and it's not just the resource but the habitat—is managed. That's what the MPA network is about, and that's what Canada is proud about in terms of the world stage.

Is there a way to do this with fishermen, all fishermen? Yes, of course, so I just want to make the statement—

The Chair: I'm going to have to end it there, Mr. Kariya. We're a bit over time.

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

[*Translation*]

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

I will ask Mr. Pretty some questions.

In your remarks, you talked about cartels. We heard words like "monopoly". During the first hour, the Department of Fisheries and Oceans officials said they did not see a monopoly, based on survey data.

Do you think a survey is the right way to assess beneficial ownership?

• (1240)

[*English*]

Mr. Greg Pretty: No. The quick answer is no.

We need a declaration. I think we need to restate what the policies are here, and we need some direct intervention on these companies. Nobody has been charged, not that there would be charges, but there could be charges. There could be legal issues here that have been contravened and need to be addressed.

Until that's done, what you'll see is what I heard earlier today, that these thinly veiled financial deals between harvesters and companies, whether they be Canadian or foreign, obfuscate the actual intent, which is, as we know, to hold control of those licences.

If you have a declaration and nothing has happened in two years, we need to get at the issue here, because, my friends, there are cartel-like activities. Harvesters come to me and say that this should be

investigated by the Competition Bureau, because what's happening here is that they all have the same price. They treat the harvesters like hockey players—a good reference today. They can own them, they can trade them and they can sell them. That's not what we bought into with the Canadian harvesting licences. We need to get back to that.

I know that's long-winded, but thank you for that question.

[*Translation*]

Mrs. Caroline Desbiens: Thank you, Mr. Pretty. Your response is very enlightening.

The Royal Greenland case is just one example. In Quebec, we are also seeing various manipulations, if I may say so, that leave a lot of power in the hands of the processors.

We should avoid going through the processors and thus giving them more control over our products. At this point, do you have any solutions for the committee to include in their recommendations?

[*English*]

Mr. Greg Pretty: Thank you.

If I can respond, first of all, one needs a permit, a licence from the province, to act as poorly as one does. Without that provincial licence, you can't manipulate, you can't obfuscate and you can't control. The initial fix to this is making sure that you have a licensing policy that actually is conducive to an orderly fishery. I've said this many times in the last four months, since I became president. You can't have a provincially issued processing licence, give it to some company or entity, and let them systematically then take apart the fishery and take apart the town's finances. That's what we're seeing here.

The initial fix is with the province, but you cannot have controlling licences that will eventually—as you are now seeing in B.C.—be controlling not only the licences but the quotas. When that happens you cannot negotiate a proper price, market-wise or otherwise, with harvesters. The control slowly shifts to the foreign-controlled interests and Canadian...outside provinces' issues.

That's the first step.

Some of these companies have very good ideas for marketing. I understand that. We deal with that, but they have to stay in their own lane. They have the process, but they can't interfere with the owner-operator. If it means jail, to send the message out for some of these cats, then that's what has to happen to fix this issue.

[Translation]

Mrs. Caroline Desbiens: Thank you very much.

I'll continue with you, Mr. Pretty.

Once the provinces have issued licences in the proper order, what would be the next step to have a better say in this foreign interference in the fisheries world?

Besides, how do you measure that other than a survey? You say a number of things are done on the sly. What would be the ideal tool, in your opinion?

• (1245)

[English]

Mr. Greg Pretty: I agree. Surveys are pretty ineffectual in dealing with a situation like this, but if you go back to the provincial licence issue, if you have a provincial licence, there have to be consequences. First of all, you have to have a plan. What are you going to do with that provincial licence? You are going to do multi-species. You're going to employ x number of people. You're going to get into the marketplace. There is going to be a benefit to the province for issuing licences.

Once that's done, part of that process is to ensure, as an extra standard here, that as a condition of a provincial licence the province will not engage in controlling license issues. That can also be stiffened, or supported, through federal regulations on individual licences. That's all we see as a start to having a better way of doing business to ensure that the owner-operator survives in this province.

The Chair: Thank you, Mr. Pretty.

Thank you, Madame Desbiens.

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

Ms. Lisa Marie Barron: Thank you, Mr. Chair, and thanks to the witnesses for being here.

Mr. Kariya, it was great to hear from you, and to see you along with my colleagues, Mr. Hardie, Mr. Arnold, and Mr. Epp, when we recently attended the Fisheries for Communities conference. Thank you for your testimony so far today.

I'm wondering if you can expand a bit. We have heard increasingly... You spoke about first nations being increasingly disenfranchised and alienated from fisheries, in all species within fisheries, which are essential to Coastal First Nations communities in British Columbia.

In order to move forward with true reconciliation, what needs to happen to increase access for first nations to all species on Canada's west coast?

Mr. Paul Kariya: The reconciliation agreement wants to put first nations people back on the water. In that area north of Vancouver Island to the Alaska panhandle, the areas of the eight nations that I work for, we need a transfer mechanism of the licences and

quotas that are being held. What was negotiated with the Government of Canada was to use the marketplace. Other tools could have been used.

The Government of Canada could have expropriated and compensated, and then turned over, under an agreement, access to species. That's at the heart of the matter here. I'm appearing is because the market isn't working. The settlement funds that we have received to go into the marketplace would be chasing silly money. They wouldn't have the buying power. We want to see that changed, and we believe the owner-operator approach we've heard of from the east coast could do that.

The goal is to get first nations people fishing again. All of the communities that I work for used to have a small boat fleet. None of them do now. Children and teenagers access the water by water taxi, or they dangle their feet off a dock. They are not on platforms that were used to fish. That's what we want to restore. We want families to have the opportunity to fish again, as well as a fleet that would go ocean-wide and participate, probably with a lighter footprint in terms of impact than has been managed under DFO.

Ms. Lisa Marie Barron: Thank you very much. I'll continue with a few more questions.

We heard about those implications for first nations communities and coastal communities that you're talking about. Could you expand a bit? You mentioned the willing seller and willing buyer approach. Can you expand as to why this market mechanism is not working to enable first nations to fully participate in fisheries in the coastal communities of British Columbia?

Mr. Paul Kariya: Our colleague from the union on the Atlantic talked about cartels. There are cartels working, I believe, in British Columbia. There are certain species that are held by a limited number of entities. I think they've probably banded together to work against us, saying, "This is the thin edge. We don't want to give up our access, and we'll work together on pricing and so on."

There is a review in the agreement we have with Canada. In that review, when we negotiated with the past minister, we said we would come back. If indeed the market wasn't working, we would say to the Government of Canada, "You can take your money back. It's up to you, Minister and government, to do the expropriation in taking back and then compensating if you wish to. Those are options in our tool kit to make this reconciliation agreement work."

The market is not working as a market in which there is free trade back and forth, with money to be used. That's the money we have. We have made some purchases, but very few, in the 18 months of operation and two years since the agreement was signed.

We're fearful that using this money.... We have a separate fishing corporation that we've incorporated, with a new CEO and a separate board of directors. They're experts in fishing. They're advising, "Let's not engage in this. We're just perpetuating what's gone on." We must see fundamental change, and the market may not deliver that.

• (1250)

Ms. Lisa Marie Barron: Thank you.

Mr. Kariya, I will continue with you.

What are the environmental and ecological impacts that are being seen by coastal first nations as a result of large corporations and foreign entities having disproportionate access to B.C.'s fisheries?

Mr. Paul Kariya: It could be a long answer.

I'll give a short one by saying that there are certain techniques and types of fishing that through science, as was invoked earlier, we have learned can be harmful to the bottom. For example, bottom trawling can be harmful. Maybe in other areas it's not seen as being harmful, but in certain sensitive areas it is. I think, through our involvement in management, we'd like to see the elimination of that type of fishing technique, particularly in many areas. Some of them maybe can be adapted in certain ways.

Let's do that together. I think the outreach from the nations involves working with the Government of Canada and other harvesters to ask, "Can we do this in a way that sustains the future in terms of fisheries in a more integrated way, rather than species by species, on an environmental basis?"

The Chair: Thank you, Ms. Barron.

We'll now go to Mr. Small for five minutes or less.

Go ahead, please.

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

My first question is for Mr. Pretty.

Mr. Pretty, it was nearly impossible to source harvesters to testify at this study—either publicly or anonymously. What do they have to fear, especially from what's called in Newfoundland "independent harvesters"? What do they fear, Mr. Pretty?

Mr. Greg Pretty: First of all, for everybody's benefit, it's not everybody.

There are a number of harvesters who would not participate in that for fairly obvious reasons. There could be repercussions from the company if they spoke out against the process. I think that would be perhaps the primary issue here. The other issue is that while the companies spend a lot of time saying this is not an issue, it's simply a financial issue that we're supplying pots or gear to harvesters. Then lots of people know the difference, based on the cost of these licences, which, as somebody has already said, can be very significant.

There are a number of reasons—I just outlined a couple—as to why people wouldn't want to go public and signify that they're a part of that process. I understand that, by the way.

Mr. Clifford Small: Again, Mr. Chair, this is for Mr. Pretty.

Is the current shutdown of the crab and shrimp fishery linked in any way to corporate control in the fishery in Newfoundland and Labrador, in your opinion, Mr. Pretty?

Mr. Greg Pretty: Yes, I have an opinion. It is absolutely remarkable that we have a tie-up on the crab fishery. Just to put that in perspective, last year it was about an \$850-million fishery. This year it stopped, and the other things that stopped with it were lobster.... By the way, lobster was settled through a formula, so there are no secrets or surprises. It's either up or down. The lobster fishery was stopped, actually, twice in the last two weeks. The shrimp fishery is stopped. Our processors have even refused to buy whelk and halibut.

I've been around long enough, Mr. Small, to know that my considered opinion is that it's corporate-related, and that it is cartel-like behaviour when the entire industry can close based on the crab fishery. They're trying to teach us a lesson here, and they do that every now and then, but eventually we'll be successful at getting these things up and going.

• (1255)

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

You basically said that processing companies are acting in unison. If one or more buyers broke with the group, have you heard talk of any penalties that would be assessed amongst the group, which you refer to as doing cartel-like activities. Have you heard anything about any penalties between these folks?

Mr. Greg Pretty: None, sir.

I will say, as a point of clarification, that the crab fishery in particular has approximately 10 or 12 companies, and it runs from very small family businesses that have been ongoing for 30 years, up to Royal Greenland, which has very deep pockets. That's the complexion of these processing companies, and there are no penalties.

Mr. Clifford Small: Okay.

Again, Mr. Chair, to Mr. Pretty, do smaller fish-processing companies rely on larger companies to market their products? If so, would a federal marketing program help smaller processing companies open up a little competition and reduce these effects?

Mr. Greg Pretty: Not all companies rely on larger companies. Some of these smaller companies have long-established relationships in both Asia and the United States. Some of those relationships go back over 30 years.

I acknowledge that some companies use OCI and Royal Greenland for marketing purposes. There's no question about that.

The Chair: Thank you, Mr. Small.

We'll close out now with Mr. Hanley.

Mr. Brendan Hanley (Yukon, Lib.): Thank you very much, and thank you to all witnesses for this morning.

Ms. Burridge, I'd like to start with you. You talked in your opening comments about how foreign ownership is not so much the issue, but reduced access is the main impediment. I wonder if you could briefly elaborate on what impediments to access there are.

Ms. Christina Burridge: Over the last three decades or so we've seen, across the board, a decline in harvest volume of more than a third for all species categories. That's for a range of reasons, from conservation to changing markets, and it's been particularly extreme in the north, with salmon and herring, where you've seen an 80% decline in both volume and value. Clearly, if you have fewer fish, you will have not as many fish harvesters, so what we're seeing, in many respects, is as a result of that decline in volume.

Initiatives like the northern shelf bioregion MPA network will only add to that, with massive loss of access in sustainable fisheries, and that will reduce investment. It will reduce the shoreside support services for indigenous communities and non-indigenous communities alike.

Mr. Brendan Hanley: Thank you.

I'm trying to tease out some of the reasons you have, clearly, quite a different perspective from Mr. Kariya and the Coastal First Nations.

I'm wondering, when you talk about using evidence rather than anecdotal information—which is always a good idea, although sometimes anecdotal information can help to inform evidence—can you point out some anecdotal information you have heard that you would dispute, specifically?

• (1300)

Ms. Christina Burridge: Well, I want to see the results of the DFO beneficial ownership survey. I think we've strongly supported that, in part because we believe that foreign ownership, for instance, is not as prevalent as many have suggested, and that where it is, it's with long-standing investments.

I think, too, that we need ways that fisheries can work amongst themselves to come up with effective solutions, and that includes ways to look at sharing the benefits in a fairer way. We've seen that happen with some fisheries. I don't think owner-operator is going to solve any of the problems that we've looked at today.

Mr. Brendan Hanley: Are you aware of west coast and east coast differences in policy and regulation? I mean, I'm sure you are, but in your opinion, do you think the existing regulatory climate is appropriate to the west coast?

Ms. Christina Burridge: As everyone has acknowledged, I think the coasts have developed very differently. Changes in licensing policy on this coast have been driven by conservation requirements, as I think one of the DFO speakers alluded to.

At the same time, I think that DFO has not always considered the socio-economic implications of those conservation measures, and we're always open to discussing ways to fix those on a fishery-by-fishery basis.

Mr. Brendan Hanley: Thank you.

Mr. Kariya, you didn't get a chance to go through your report. I noticed three key recommendations near the end of your report, which have been addressed to some extent in the subsequent testimony, but in my remaining time, could you maybe quickly review and elaborate on your three recommendations to address the deficiencies in regulation?

Mr. Paul Kariya: I want to acknowledge the report that was done by the committee—it's a good report—in 2019. On the questions asked earlier about the slow pace of the response from DFO, you're right. We echo the recommendations that came out of that good report.

We have to reduce the impact of non-Canadian money. Is it anecdotal? There is some evidence. I think the German report Mr. Hardie referenced on money laundering has some actual examples of non-Canadian monies being utilized to impact quotas and licences. That has to stop.

The lack of transparency in the beneficial ownership of quota and licences is not new, but that too has to change. No one is saying that it will be easy, but ducking it won't solve it, and I suspect that a bit of the DFO response is ducking it. We have to get to it, so let's get on with it.

From a first nation point of view, I think our chiefs and leaders have had some impact at the negotiating table with Canada and with British Columbia, but that kind of engagement has to continue. There need to be transition plans. I think that some of the members Christina represents are fearful of change to come, and I think that our organizations, the people I work for, want to work with Christina's people.

The marine protected areas network Christina mentioned has had an active involvement from some of her membership, and we invite them.... In fact, some of them have pulled away now. They may not be happy, and we can understand it in regard to some of the change to come, but let's continue to work on a transition plan. I think that's what we're talking about.

The environment trumps it all. If the resource can't be sustained, we shouldn't be keeping to certain sustainability levels, and we know that there are great uncertainties. The models we used to have don't work like they used to, because of a changing climate and warming waters.

I'm sorry. I can go on too long.

Again, thank you to each of you.

The Chair: Thank you, Mr. Hanley. You win the star today for the longest stretch to go over the time, but we'll fix that another day.

That concludes our questioning for today.

We'll suspend for a moment while we change out for committee business.

I want to thank Mr. Kariya, Ms. Burrige and Mr. Pretty for providing us their testimony today, of course, and for answering questions to make the committee that much more informed on this topic.

[Proceedings continue in camera]

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the Copyright Act. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the Copyright Act.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: <https://www.ourcommons.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la Loi sur le droit d'auteur. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre des communes.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la Loi sur le droit d'auteur.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante :
<https://www.noscommunes.ca>