

Native Fishing Association

(IN ASSOCIATION WITH THE NATIVE BROTHERHOOD OF BRITISH COLUMBIA)

Report On Native Involvement In Commercial Fisheries

*Prepared For
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Native Involvement In Commercial Fisheries

ISSUE: The adverse impacts of conflicting federal government policies and programs on Native involvement in the commercial fisheries in B.C.

This report describes how the Department of Indian Affairs provided program and financial assistance to Native fishermen to purchase fishing vessels and licences and to increase the number of Native fishermen. Counter to that, the policies of the federal Department of Fisheries have significantly decreased the number of Native owned fishing licences and Native fishermen, increased the costs of fishing and devastated many coastal Native communities.

BACKGROUND:

Since the start of the commercial fishery in BC, Natives have been heavily involved in and dependent on both commercial fishing and fish processing. There are few estimates of the numbers of Native fishermen and cannery workers early in the fishery and the estimates often tend to conflict. Knight (1996) says that, in 1884, there were 17 canneries on the coast employing 2710 workers. At that time he estimates that, in each of four large canneries, there were 120-130 cannery workers and 120-160 fishermen – half of which were Natives¹. The smaller canneries averaged about 64 to 73 workers per plant. Many of the early canneries drew heavily on local Indian communities for employees. Knight estimated that in 1900 there were 1500 to 2000 Indian fishermen working for a total of 83 canneries – 42 on the Fraser; 11 each on the Skeena and Nass; 6 in Rivers Inlet 6; and 13 in other areas. "By 1919 there were 97 canneries on the coast.... employing more than 9,000 people, the majority of whom were Indians. And more than one-third of all salmon fishermen were Indian." (Pearse, 1982)

At that time, the cannery owners owned the fishing boats and gear. Competing fishing companies provided boats and startup funding to people willing to fish for their company. Anyone who wanted to fish commercially could either get a fishing boat or work as a deckhand.

"Until the mid 1890s, the bulk of the commercial fishing licences issued for salmon in B.C. waters were allocated among canneries themselves. Under pressure from white

fishermen, licenses were opened to independent fishermen on the Fraser by the mid to late 1890s. However, canneries continued to use a number of stratagems – such as providing boat, gear, and advances for nominally independent fishermen – so that a core of dependent fishermen was usually attached to each cannery. They seem to have been primarily Indian and recently arrived Japanese fishermen. On the Skeena and Nass rivers the canneries continued to hold virtually all of the fishing licences, which they used for cannery contract boats until the early 1920s.” (Knight, 1996)

“During the 1920s and 1930s Indian fishermen were displaced by the trend toward larger, costlier fishing vessels and packers. The consolidation of canneries also reduced opportunities for many native cannery workers.” (Pearce, 1982)

“Individual Indian fishermen in various regions began acquiring their own fishing boats shortly after the turn of the century. Some reserves developed boat building as a specialty, and others became noted for the modernity of their vessels.” (Knight, 1996) In the 1920s, a number of significant changes occurred. In the mid-1920s there was Asian exclusion legislation that increased the demand for local labor. In 1923, gas powered gillnet boats were allowed in the north coast area. Gas powered gillnetters had increased catching power but were also considerably more expensive than earlier boats. “When fishing became a more expensive enterprise in the 1920s, requiring more investment in engines and vessels....canners became less interested in direct ownership of the more expensive boats and were willing to lend Indian fishers money toward boat purchases, in return for guaranteed delivery of all their fish.” (Marchak et al, 1987).

The major canneries retained fleets of their own fishing vessels, which they contracted to Native and non- Native fishermen. Early in the fisheries the competition for local fish stocks was only between local canneries. However, with increasing numbers of fishermen and the increased range of gas-powered boats there was increasing competition for fish stocks from boats and canneries from other areas.

¹ At that time the Native population was estimated to be about 8,000 to 10,000.

The Company Store Syndrome

It is important to understand the long-standing fishing industry conditions before the Davis Plan was implemented. The fish processing companies owned or otherwise controlled a large percent of the salmon fishing fleet. They provided fishing vessels, gear, start-up and operating funds, gear and equipment storage, and conducted required maintenance – all on the condition that fishermen deliver their catch to the company. Company store credit was also provided during the off-season and when times were tough. The companies also provided financing for individuals to buy their own boats and gear. Natives used company financial services because of their on-reserve financial limitations. They couldn't get a conventional mortgage to buy their boat because they didn't have title to their house or other major assets as collateral. Indebtedness to the "company store" held fishermen to the company. The company "took care of" fishermen's interests by making the necessary legal and financial decisions/actions to protect company interests. Natives operated much of the rental fleet. This had the following consequences for fishermen.

- Most Native fishermen were dependent on the companies to make a living.
- Most Native fishermen were in debt to companies so the companies could control them, including taking away their livelihood.
- Most Native fishermen had a high reliance on company advice, information and decision-making, including getting annual licences.
- Most Native fishermen didn't understand the consequences of the Davis Plan or subsequent licence changes.

These factors contributed to the heavy impacts of licensing programs on Native fishermen.

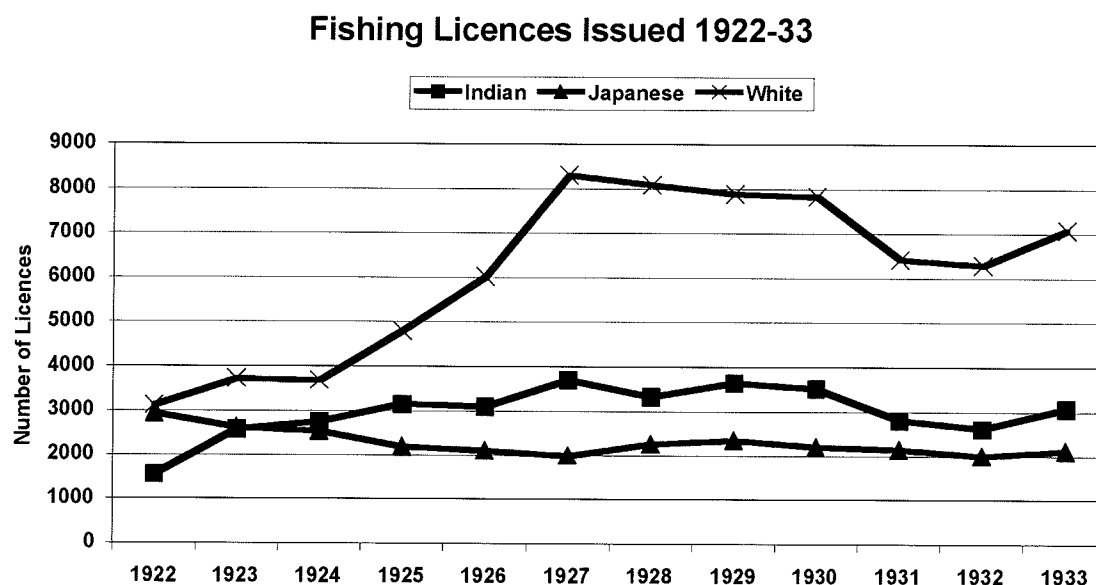


Figure 1: From 1922 to 1933, the number of fishing licences issued to Indians and whites doubled while the licences issued to Japanese decreased by one quarter. Indians fished an average of 3,162 salmon licences² over the period. Data, from Scow, 1987, are personal fishing licences and include gillnet assistants.

² "The Department of Indian Affairs estimated there were 11,488 Indian fishers in 1929 (Department of Fisheries, Annual Departmental Report, 1929-30), but it is not clear how many were vessel owners." (Marchak et al, 1987)

In 1942, power drums were allowed on gillnetters in the northern area, further increasing catching power and reducing the labor. "During World War II, the strong demand for fish temporarily improved Indian employment, and the expulsion of Japanese from the coast enabled many Indians to acquire fishing boats at bargain prices." (Pearse, 1982) "During and after World War II a fleet of Indian-owned and operated seine boats, as well as gillnetters and trollers, emerged. However, the bulk of Indian fishermen did not acquire their own boats; they worked on shares on cannery and privately owned fishing vessels." (Knight, 1996.)

Impacts Of Changing Fish Processing:

The impacts of automation were felt early in the processing sector. "The early canneries used manual labour in lavish amounts at every step of the canning process. Fish were unloaded, butchered, cleaned, and washed by hand. The carcasses were sliced into chunks and put into cans by hand. The cans were weighed, loaded into trays, shifted through the steaming and cooking process, soldered shut, labeled, boxed and stacked – all by hand. Even the individual cans were initially manufactured by hand, in the cannery." (Knight, 1996). "Chinese contract workers produced the cans and did the fish butchering. Indian women (and some men and children) were crucial in many of the other canning phases." (Knight, 1996). Soon, producing the cans and cleaning, washing and butchering fish, were at least partially automated. Automation reduced labour costs and permitted processing many more fish per day. Automation also made larger capacity, centralized canneries feasible for economies of scale and considerable cost savings. The impacts of new technologies eliminated canneries and jobs from the many coastal communities. In 1901, there were 73 canneries operating along the coast employing almost 5,000 cannery workers. In 1919 there were 97 canneries operating, employing more than 9,000 people, the majority of whom were Natives. By 1970, only 15 canneries were operating, all but 3 in the Fraser and Skeena areas. Their employees had been reduced to about 3,700, of which Indians accounted for about 1,500. Now there are only three large salmon canneries operating – one in Prince Rupert and 2 in Vancouver, a medium and a few small "custom canners".

In the 1946 to 1962 period, the number of Indian gillnet licences decreased by 50%, while the number of troll and seine licences increased by about 10%. The number of Native owned salmon seines increased from 37 in 1946 to 122 in 1962, while Native skippers using company owning vessels increased from 119 in 1946 to 122 in 1962 (Marchak et al, 1987). Overall, Indian involvement probably decreased from about 2,900 to 2,100 jobs during this period.

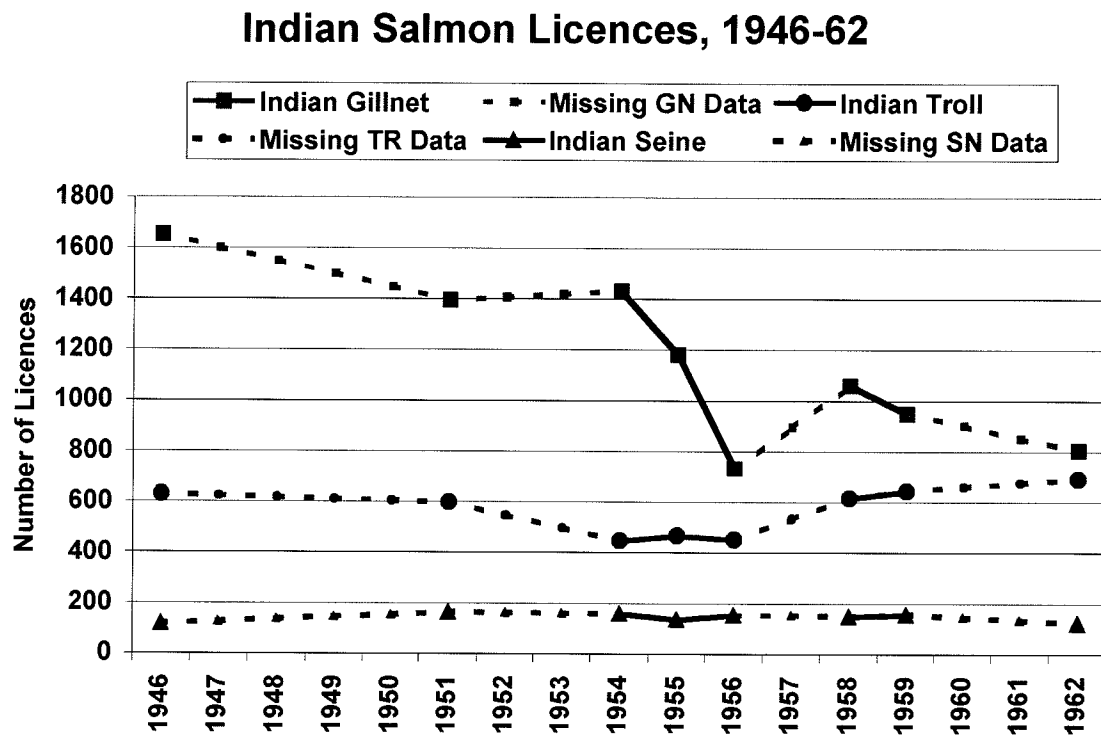


Figure 2: The number of salmon licences issued to Indians from 1946 to 1962, from Campbell, 1973. The seine data are for seine captains so approximate the number of seine vessels operated by Indians. Gillnet data, which includes some gillnet assistants, provides a general indication of fleet trends. It isn't specified whether troll data also includes assistants. The sharp decrease in gillnet licences from 1954 to 1956 is a result reduced fishing on Skeena sockeye because of the Babine slide.

IMPACTS OF SALMON LICENSING PROGRAMS:

Over the last 120 years, Native and total involvement in the commercial salmon fisheries have also varied as a consequence of government policy and programs. Many of the impacts on involvement have been unintended results of conservation, economic and social development policies. There have also been directed and purposeful impacts on involvement in the fisheries. For example, in 1889, the number of Fraser River fishing licences was limited to 500. A racial quota was implemented in salmon canneries that limited Native employment to 25.5% (NBBC, 1989). In 1908, the number of canneries and associated fishing vessels were limited in Northern BC. These limitations were essentially voluntary and only lasted for short periods.

In 1920, the Department of Fisheries (DFO) started eliminating drag seines, most of which involved local Native bands fishing traditional sites. This had a major impact on Native involvement in the commercial fisheries. In 1922, the Department of Indian Affairs (DIAND) intervened to have purse seine licences provided to compensate displaced Natives.

The Davis Plan

In 1968, major and far-reaching changes in policy were made that affected the BC salmon fisheries. These changes were related to what is known as the Davis Plan (The Salmon Vessel Licence Control Program). The program components were:

Phase 1 of the Davis Plan, implemented in 1968, changed commercial fishing licences from personal to vessel licences and limited the number of licences. This reduced easy access to the fishery. As the number of licences was limited, the value of the licences increased. Phase 1 of the plan also introduced 'A' and 'B' vessel licences. 'A' licences went to vessels with catches of more than 10,000 pounds and 'B' licences to those with lower catch. It is estimated that of the total of 6,603 salmon licences issued in 1968, 1,178 were Indian owned or operated, many were B licences. Subsequent phases of the Davis Plan caused equally dramatic changes that impacted all commercial fishermen, but especially Indians.

Phase 2, in 1970, increased fishing licence fees. The money collected was used for licence buy-back to reduce the fleet. 'B' licences were charged a reduced fee, but had a maximum 10 year life. This meant that the Natives fishing B licences would be phased out of the industry. Also, ton-for-ton salmon vessel replacement rules were introduced (instead of on a boat basis). These replacement rules allowed (encouraged) consolidation of licensed tonnage of a number of small vessels to create a licence for a large vessel. This resulted in many gillnet and troll licences being pyramided into seine licences. Pyramiding and licence buyback both reduced the number of licences in the salmon fleet.

Phase 3 of the Davis Plan introduced fishing vessel quality standards in 1973. The purpose was to increase the capability of the vessels to deliver catch in good quality. The requirements included boat hold cleanliness and insulation, and fish handling requirements. These were positive requirements but small, older boats could not meet the requirements without a complete vessel rebuild. This eliminated a number of vessels, including some Native owned vessels.

Phase 4, which was to have included gear and area fishing restrictions, was not implemented.

Since its start, the Davis Plan rationalization of the commercial salmon fleet in B.C. has impacted heavily on Native fishermen for a number of reasons. Consequently, the number of Native owned licences and vessels decreased.

Figure 3 illustrates the continuing impacts of the Davis Plan on the total number of licensed salmon fishing vessels. The overall number of licences and vessels has decreased from 7341 in 1964 to about 4400 in 1995. The number of Native vessels also initially decreased from more than 1200 in 1964 to below 800 in the 1970s. To prevent further decline and restore Indian involvement, government introduced a number of special programs.

The 1968-79 Indian Fishermen's Assistance Program (IFAP) helped the Native fleet to upgrade, but didn't help small ineffective and unproductive vessels. In 1970, reduced fee A-I³ licences were introduced exclusively for Natives, to make fishing less expensive. The Native B licences were converted to A-I to ensure that they wouldn't be phased out. These actions helped to slow the losses of Native licences.

"Prior to this consolidation, many Native fishermen fished in local waters close to canneries, using smaller, older vessel rented from the processing companies. Their numbers fell rapidly as the canneries closed down, especially on the central and northern coast. On the west coast of Vancouver Island, local fish camps, which Native troll fishermen relied upon to buy their fish, also closed. Moreover, Natives were unable to raise the capital for larger, more powerful and more mobile vessel and more sophisticated gear. So they were unable to compete." (Pearse, 1982)

³ A-I is an A licence for the exclusive use by Indians. A-I licences have reduced annual fees.

Total and Reduced Fee Salmon Fishing Vessels

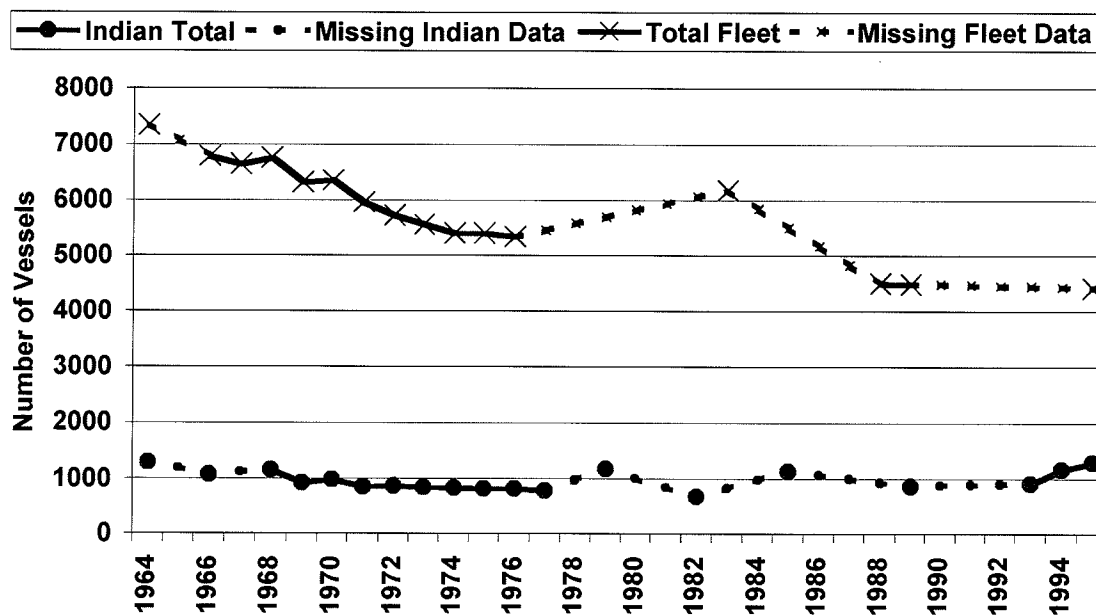


Figure 3: The number of Indian owned (reduced fee) and the total number of licensed salmon fishing vessels from 1964 to 1995. In 1968 there were 482 gillnetters rented to Natives, in 1971, there were 205.

Why Native fishermen lost their licences in the late 1960s to 1970s? (Scow, 1987)

- One of the major problems was the lack of understanding of the consequences of not having a licence. Therefore, no real effort was placed on trying to maintain their licences. (Licences had always been unlimited before. Also, the number of company boats for rent decreased and access became more competitive.)
- Many boats were small and dilapidated, and when they broke down, they were not worth repairing. Individuals who understood the value of the licences were able to purchase vessels and licences for \$500.
- There was pyramiding of Native gillnet licences into seine licences so the number of licences and vessels decreased. [The amount of employment didn't decrease proportionately because of the 5 to 6 person crew size on seiners.]
- The companies and non- Native fishermen employed fisheries experts and lawyers to research the documents on Licence Limitation to ensure increased participation in the limited entry fishery. The Native fishermen did not have the resources to afford them this opportunity.
- Increased licence costs.
- Capitalization of vessels increased significantly and made old vessels less competitive.
- The Davis Plan required the vessel owners to increase their investment in fishing vessels and licences to stay in the fisheries. Accessing loans was especially difficult for Natives.
- In 1973, 25 Native vessels could not pass the vessel quality standards imposed by the Davis Plan and therefore, could not be licensed.

In 1981, Indian Fishermen's Emergency Assistance Program (IFEAP) was implemented to counter Native bankruptcies resulting from rapidly increasing interest rates, and fuel and vessel prices. IFEAP helped some fishermen but some Native owners still lost their vessels. In 1982, the Northern Native Fishing Corporation (NNFC) bought BC Packers northern gillnet fleet of 243 vessels and 254 licences for North Coast Indian fishermen. As most North Coast Native fishermen were dependent on company rental vessels, this purchase helped to maintain the fleet for Native fishermen. These licences were converted to N licences that are equivalent to A-I licences, but exclusive to the NNFC.

In 1985, the Native Brotherhood of BC (NBBC) incorporated the Native Fishing Association (NFA), and, with \$11.0 million provided by the federal government, created a revolving fund to help finance Indian fishermen. The NFA program provided financial assistance for debt reduction. It included training for fishermen in basic business and financial management.

Native Fishing Association Program Success

Early in its mandate, the NFA was very successful, with more clients than money. By March 31, 1989, the NFA had made loans totaling over \$12.8 million to over 253 individual fishermen, primarily in the salmon sector. Over 90% of the projected revenues from loans had been collected each year, with the few unpaid accounts being rolled over into the succeeding year's target. Total bad debts in the first three years amounted to \$11,000 or 1/10th of 1 percent of the original capital base of \$11.0 million.

With the decreased quantity and value of salmon catch since the early 1990s, the financial performance of Native fishermen and the NFA has decreased. In part, this is attributed to vessel based salmon licences that are difficult to lease to provide a continuing source of revenue. Since the licence buyback starting in 1996, the actual loans by the NFA have been significantly reduced. Some loans have been paid off with buyback payments. Also, the NFA started to invest in commercial fishing licences and to take licences to settle debt. The licences that the NFA has acquired have been leased to provide a continuing source of revenue and fishing opportunities for natives.

The financial record of the NFA compares favorably with traditional lending institutions. The program has created a group of Native fishermen with the equipment, capability and confidence to compete successfully with other fishermen. Because of the NFA program, an increased number of Native fishermen have become successful businessmen, independent of fish processing companies.

Many Native fishermen see the NFA as the first Native program to meet their needs.

The NFA program also included assistance to rental vessel operators to enable them to purchase their own vessels. A Native-only buyback was proposed for those wishing to leave the industry. In 1986, NFA provided loans for 54 fishermen, organized by Gitsen Industries, to buy the Cassiar rental fleet of gillnetters. Up to 1996, the NFA had helped Indians to acquire more than 100 licences and to convert existing licences to reduced fee "protected" A-I licences.

In 1992, government implemented the Aboriginal Fisheries Strategy (AFS). It included recognition of government's fiduciary obligations to deal with First Nations fairly. This included new rules for mandatory consultation with First Nations on their rights-fisheries and on any action that might affect or limit those fisheries. The program also provided limited program funding for First Nations to conduct fisheries projects. The AFS introduced commercialization pilot fisheries on the Lower Fraser, Somass and Skeena Rivers. These pilots allowed expanding food fishery catch and selling a specified amount of that catch.

Under the AFS, in 1993, government bought back 75 full-fee commercial salmon licences. Some of the licences were converted⁴ to catch allocations for pilot fisheries. The remaining licences were converted to new communal 'F' licences. These F licences were assigned permanently and are equivalent to A-I or N licences.

Later, under the AFS Allocation Transfer Program (ATP) program 91 salmon licences have been bought back, 75 of which have been reissued as F licences and the balance held in inventory. These F licences are issued annually pending treaty settlement. The ATP licence buyback is continuing.

Why Native fishermen sold their licences in the 1980s to mid 1990s?

- Low fish abundances experienced from 1979 through 1983;
- Financial problems with high interest, fuel and vessel prices [IFEAP]
- On reserve Indians had few capital assets (e.g. houses) to mortgage to help finance vessel operations, maintenance, acquisition
- Other reduced fee Indian licences (e.g. F, N) became available.

Figure 3 illustrates that although the overall commercial salmon fleet decreased over the 1964 to 1995 period, the number of Native owned licences and vessels stayed at about the same level. The reason the Native participation stayed up over the 30 year period was a result of a number of government programs specifically for that purpose.

⁴ The 75 licences bought back were converted to about 313,000 sockeye equivalents. More than half was used to supplement pilot sales fisheries on the lower Fraser (185,000 sockeye equivalents) and the Somass (5,000 sockeye equivalents). The balance was converted back to 27 F licences.

Clearly, it was government policy to maintain the number of Native owned salmon fishing licences and vessels. That policy and related programs were effective in that while the total commercial fishing fleet decreased from more than 6,600 to about 4,400 vessels (-33%), the Native fleet increased from about 1,100 to almost 1,300 (+18%) in 1995.

The Mifflin Plan

In 1996, things changed dramatically. In 1996-7 the Mifflin Plan was initiated in response to conservation and economic problems caused by decreased salmon abundance, decreased world prices for salmon, increasing debt, and excessive fleet catching capacity. These factors were resulting in over-harvesting stocks and the threat of widespread bankruptcies of fishermen. After consultation with selected commercial fishing interests a program was implemented that included:

- Single gear licensing [a separate licence is required to fish each gear type; this forced combination gillnetter-trollers to select a single gear or buy another licence for their second gear]
- Single area licensing [a separate licence is required to fish each of 2 seine, 3 gillnet and 3 troll licence areas]
- License stacking [to fish more than one gear or area required extra licences 'stacked' on a vessel⁵]
- License buyback [government bought back licences offered for sale at fair market value]

In 1998 to 2000, a Voluntary Salmon Licence Retirement Program followed the Mifflin Plan. That program included:

- three rounds of vessel licence buy back and
- continued licence stacking.

⁵ Salmon licences are tied to a vessel and are related to the size of that vessel. Consequently, licences can only be transferred between similar sized vessels.

Figure 4 illustrates the major impact of the fleet downsizing initiatives on the total and Native owned salmon fleets. The total fleet decreased from 4,415 licensed salmon fishing vessels in 1995 to 2,076 vessels in 2000. Over the same period, the reduced licence fee Native fleet decreased from 839 to less than 435 vessels.

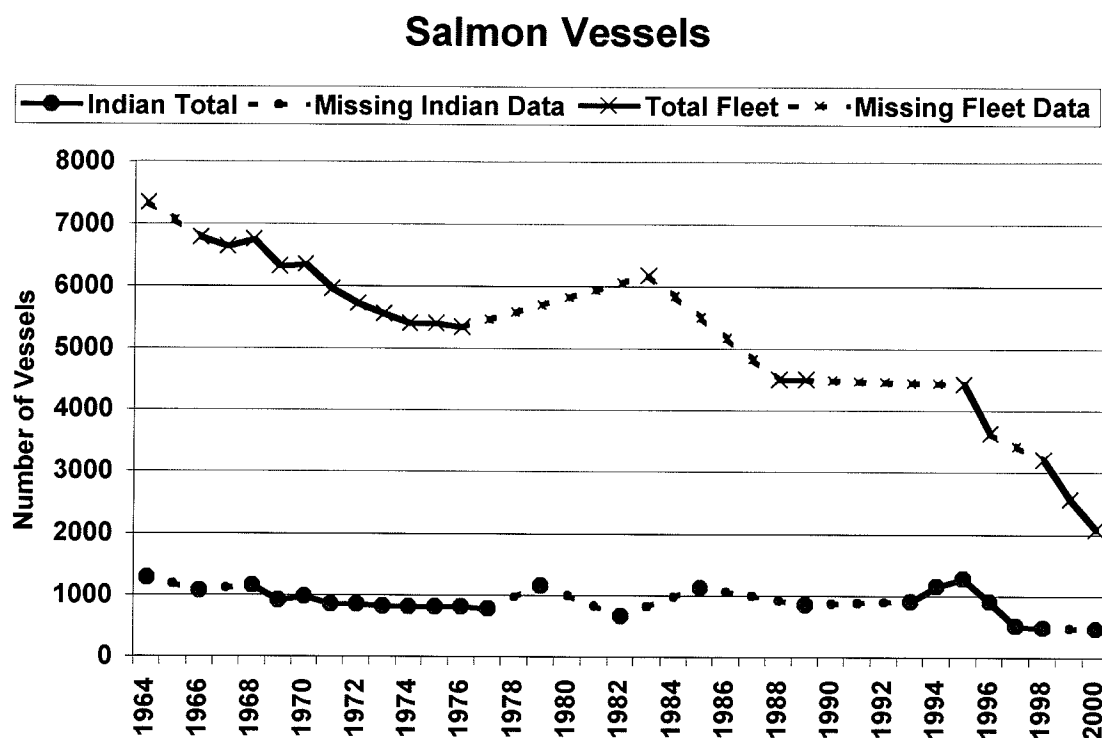


Figure 4: Comparison of the number of Indian (reduced fee) vessels and the total number of licensed salmon fishing vessels from 1964 to 2000.

Buyback

Since 1996, five rounds of buyback have reduced the total number of seine licences from 542 to 276, and gillnet-troll licences from 3,873 to 2,133. Buyback decreased the reduced fee Native A-I seine licences from 65 to 19, and A-I gillnet-troll licences from 517 to 187. Although government committed that the Mifflin Plan would not buy a higher percent of Native than non- Native licences, in fact it did. Significantly more seine and gillnet-troll A-I licences were bought-back than regular A licences – 48.7% and 34% more respectively. N and F licenses were not subject to buyback. During the 1996 to 2000 period, a continuing Aboriginal Fisheries Strategy (AFS) buyback was also underway buying licences for transfer to First Nations as communal F licences. This accounts for the increased number of F licences between 1995 and 2000.

There should be limited argument against buying back or stacking Native owned A licences. These are full fee licences that Natives have acquired on their own initiative. However, government buying back reduced-fee A-I licences is another issue. Government has subsidized the acquisition of A-I licences and continues to subsidize their licence fees. The purpose of these subsidies is to maintain and increase Native involvement in the commercial salmon fishery for employment, economic, social and fairness reasons.

| Fleet Reduction 1995 to 2000 | Seine | | | Gillnet and Troll | | | N | Total | |
|---------------------------------|-------|--------------|-------|-------------------|--------|-------|-------|--------|-------|
| | A-S | AI-S | F-S | A-G+T | AI-G+T | F-G+T | | Rd.Fee | All |
| 1995 Total Licences | 477 | 65 | 0 | 3099 | 517 | 3 | 254 | 839 | 4415 |
| 1995 Total Vessels | 477 | 65 | 0 | 3099 | 517 | 3 | 254 | 839 | 4415 |
| Total Buyback | -227 | -46 | 7 | -1475 | -330 | 65 | 0 | -304 | -2006 |
| 2000 Total Licences | 250 | 19 | 7 | 1624 | 187 | 68 | 254 | 535 | 2409 |
| 2000 Stacking | -55 | 0 | -3 | -178 | -17 | -23 | -57 | -100 | -333 |
| 2000 Total Vessels | 195 | 19 | 4 | 1446 | 170 | 45 | 197 | 435 | 2076 |
| % Licence Reduction | 47.6% | 70.8% | plus | 47.6% | 63.8% | plus | 0.0% | 36.2% | 45.4% |
| % Fleet Reduction | 59.1% | 70.8% | 42.9% | 53.3% | 67.1% | 33.8% | 22.4% | 48.2% | 53.0% |
| % Stacking Impacts | 22.0% | 0% | 42.9% | 11.0% | 9.1% | 33.8% | 22.4% | 18.7% | 13.8% |

Table 1: Impacts of licence buyback and stacking from 1996 to 2000.

Licence Stacking

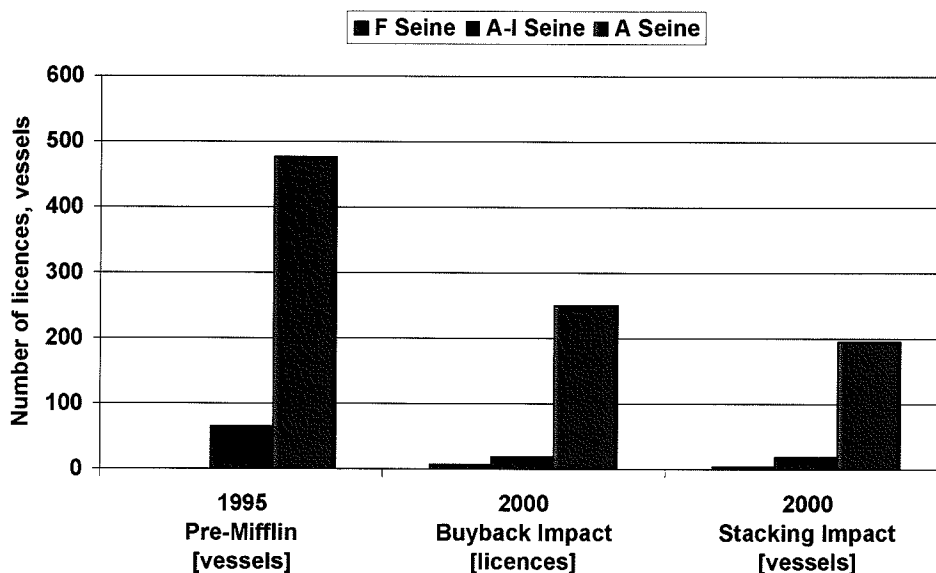
Licence stacking created an opportunity, particularly for fleet owners. The opportunity was to stack licences on the most effective fishing vessels and those that cost the least to maintain and operate. This increased the average profitability of the fleet but also increased the average catching power of vessels. A major impact of stacking was to significantly reduce the number of vessels fishing. All salmon licences are subject to stacking⁶, including protected N and F licences. Licence stacking decreased the total number of seine vessels by 58 (21%) and gillnet-troll by 275 (13%). Although F and N licences were supposed to be excluded from fleet rationalization, stacking decreased F seine by 42.9%, F gillnet-troll by 33.8%, and N gillnet by 22.4%.

There has also been a major impact on Native fishermen who used company boats. The processing company seine fleets eliminated the old high maintenance wooden boats and, consequently the predominantly Native crews that fished them. For example, of the seines that comprised the Alert Bay fleet, most were lost to this company fleet stacking. The NNFC also allowed stacking of its licences. This is in part because several of their rental vessels were beyond repair and couldn't be rented.

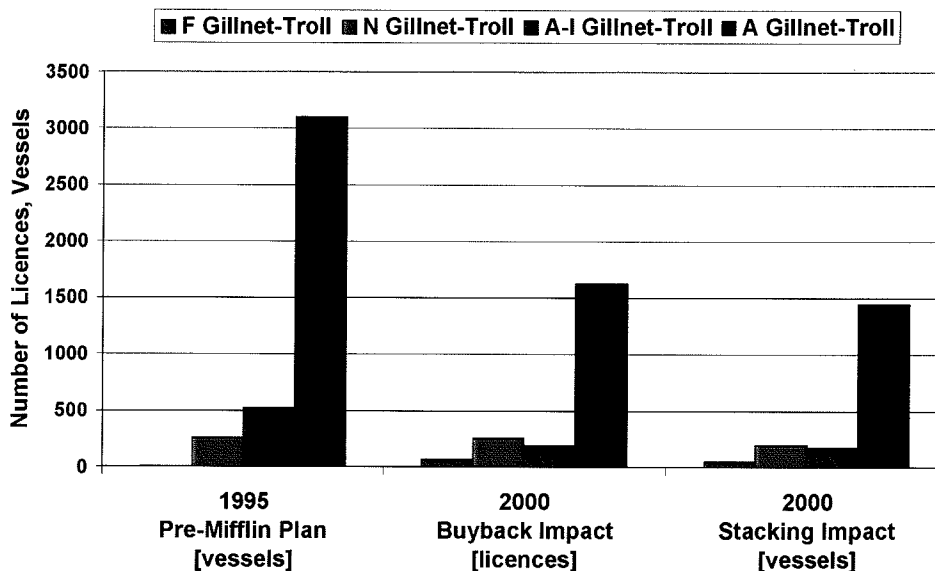
Although stacking didn't affect the number of Native licences, it did reduce the number of reduced fee Native vessels fishing from 839 to 435. Licence stacking continues.

⁶ 'AI' licences are permanently stacked, but 'F' and 'N' licences are stacked annually.

Seine Fleet Reduction Impacts



Gillnet-Troll Fleet Rationalization Impacts



Figures 5a and 5b graphically illustrate the 1996 to 2000 impacts of licence buyback and stacking on various seine (5a) and gillnet-troll (5b) licence categories. The overall reduction of the seine fleet was 59.1% of A licensed vessels, 70.8% of A-I and 42.9% of F. The overall reduction of the combined gillnet-troll fleet was 53.3% of A licensed vessels, 67.1% of A-I, 33.8% of F, and 22.4% of N. This is a reduction of 53% for the overall fleet and 48.2% for the Native reduced fee fleet. The reason that the Native fleet had less reduction was because F and N licences were not subject to buyback. In contrast, the A-I fleet reduction was 67.5%.

Why Native fishermen sold their licences in 1996 to 2000?

- Decreased earnings resulted in high debt load, because of:
 - Downturn in supply of BC salmon;
 - Increased conservation requirements to prevent extinctions;
 - Increased world salmon production, decreased salmon prices, increased salmon quality requirements.
- Single gear and area licensing reduced fishing opportunities without major increased investment in more licences.
- Licence buyback and stacking increased the demand and prices for A-I licences beyond previous prices and provided an opportunity for older fishermen to retire.
- Stacking created an incentive to eliminate older vessels with high maintenance costs.
- Financial institutions forced sale of licences to pay for debts.
- Selling salmon licences provided money to fish other species licences. Also, selling other species licences allowed fishermen to retain salmon licences.
- Selling out provided an opportunity to retire from the industry with at least the earnings from the sale of the licence.
- It was in their perceived individual best interest to sell.

Government has not yet announced its policy stance regarding maintaining Native involvement in the commercial salmon fishery. Will government continue its policy on maintaining the levels of Native involvement? Government [INAC] might intend to continue to maintain Native involvement levels, but has not yet acted. Alternatively, government might have changed its policy and will no longer act to maintain the Native involvement levels, but has yet to announce this change. After the Sparrow decision in 1990, consultation with First Nations became a recognized government fiduciary obligation [on recognized rights issues].

During the industry consultation preceding the Mifflin salmon fleet rationalization program, **Native commercial fishermen were involved but First Nations were not.** The involved Native fishermen sought to continue the policy of protecting the number of Native licences and vessels. Natives and other fishermen proposed that the A-I licences be bought back and reissued as communal licences as part of an interim treaty settlement or held for future treaty settlements. The interim approach could

have solved DFO, INAC and Native community problems⁷ and saved the Canadian government from the future massive costs of buying back the very high-cost remaining licences for treaty settlements. For whatever reason, government, without consultation, apparently decided to change the long-standing policy of protecting Native involvement. One government agency (DFO) used government funds to buy back Native licences that another government agency (DIAND) had paid to help Indians to acquire. The N and F licences that government had bought outright were excluded from the buyback but were allowed to be stacked. The overall result is a significant reduction of the number of Native owned and operated fishing vessels and of the related employment, economic and social benefits.

Another impact of licensing programs is a marked redistribution of Native licences. As the northern N licences weren't subject to buyback, that block of 254 licences didn't decrease like the A and A-I licences did. The result is a marked increase in the percent of Native licences in the north.

The fleet downsizing impacted more than just the number of licences and vessels. In the seine fleet, the ownership of the net can be separate from licence and vessel. There is a standard profit sharing formula for the vessel owner, net owner, captain, and crew. The fleet downsizing compensated the licence owners for giving up their assets. However, unless the vessel owner also owned the net, there was no way of building in compensation for nets no longer being able to earn an income or for the continuing net storage costs. This was a problem for Indians who operated company seine boats but owned their own nets. Seine nets are costly capital assets (\$50,000). A consequence of fleet downsizing is that the market for nets and unlicensed vessels is flooded. Unless the net or vessel can be sold, there isn't a potential capital gain to write the losses off against. The government fleet rationalization program inadvertently forced disposal of nets with no consultation, compensation or tax relief. Displaced fishermen-net owners lost the income from both their fishing and their nets.

⁷ Short-term banking of A-I licences could have addressed conservation and short-term economic aims of DFO. An Indian program could have helped to bridge the period between licence purchase and reissue.

Fleet reduction eased the overall fisheries conservation and economic pressures. However, in doing that it created other major and costly social and economic problems for Native and others. The short-term fisheries gain may have been less than either the short or long-term Native and other social costs.

IMPACTS OF LICENSING PROGRAMS FOR NON-SALMON FISHERIES

Native Involvement Before Licensing Programs

Native involvement in non-salmon fisheries has also been heavily impacted by DFO licensing initiatives, without any intervention by DIAND. As there are few records of the number of Natives involved in commercial non-salmon fisheries, it is very difficult to document these impacts with hard statistics. However, there are enough specific observations recorded to get a picture of previous Native involvement.

In general, Natives fished for different species at different times of year. Salmon was the main fishery and other species fisheries helped to fill in each fishing season. If the salmon season was anticipated or turned out to be poor, reliance on other species would increase. Also, earnings in the early season fisheries helped to finance the preparations for the salmon fishery. Most Natives fished local stocks for personal consumption as well as commercial sale. The fishery was primarily a small boat fishery with limited catches. Some specific observations about past Native involvement in the non-salmon fisheries follow.

Halibut: "A large number of Indians in the small gill-netter and trolling boats form a substantial part of the modern halibut "mosquito fleet." This is a major occupation for them before the opening of the gill-netting season. In 1950, 263 halibut fishing licences were issued to Indians." (Gladstone, 1953) Large Native owned seiners would also outfit for halibut. (Bell, 1981).

Groundfish: "Before the development of the large boat fleet, all bands along the coast were involved in one way or another in the groundfish industry. The small boat fleet

caught groundfish with trolling gear and longline gear.” (NBBC, 1989) In 1951, DFO issued 145 cod and 8 trawler licences to Natives. (Table 2)

Crab: “The crab fishery in BC employed Natives in the harvesting and processing sector. In Masset and Port Edward, BC Packers employed 10% to 25% Natives in harvesting and processing. The WCVI, another major crab fishing area, also used to employ Natives.” (NBBC, 1989) In 1951, Natives fished 46 crab licences (Table 2).

Abalone: “In the 1940s and 1950s the Natives of BC were depended upon by processors to harvest abalone. Natives harvested abalone off the beaches at low tide and strict conservation practices were observed. Natives always picked abalone for subsistence and for trade with other Natives, so they were always aware if they picked the beaches clean of abalone there would be no abalone for future harvests.” (NBBC, 1989) In 1951, 24 licences were issued for abalone harvesting, of which 20 went to Native harvesters. (Gladstone, 1953)

Clams: During the 1950s and the early 1960s, 90-95% of all butter clams, razor clams and little neck clams were harvested by Natives. (NBBC, 1989) Clam digging licences issued in the 1950s don’t appear to have been formally accounted.

Table 2: List of commercial fishing licences issued to Natives by the Department of Fisheries in fiscal year 1951-2. Data are from Gladstone, 1953. About 50% of Indian salmon gillnet licences were owned.

Herring: Early in this century the herring fishery was primarily for bait and food. When the pilchards disappeared in the 1940s, the seine fleet that harvested them for reduction was redirected to herring. Gladstone reported that two

| Licence | 1951-2 | | Total |
|---|--------------|-----------------|-------|
| | Indian Owned | Indian Operated | |
| Salmon Drag seine | 9 | | 9 |
| Salmon Purse Seine | 52 | 164 | 501 |
| Salmon Gillnet | 1122 | | 5429 |
| Salmon Troll | 596 | | 5129 |
| Cod | 145 | | 684 |
| Prawn | 7 | | 258 |
| Crab | 46 | | 181 |
| Trawl | 8 | | 94 |
| Herring Purse Seine | 2 | 6 | 74 |
| Herring Gillnet | 0 | | 28 |
| Herring Food + Bait | 2 | | 17 |
| Halibut + Black Cod | 263 | | 928 |
| Abalone | 20 | | 24 |
| ~ 50% Indian salmon gillnet licences were owned | | | |

Native owned seiners fished herring in 1951 - one each from Alert Bay and Bella Bella. Gladstone also reported Native owned licences for two herring ponds and Native licences for six herring seine captains and 41 assistants. The herring stocks collapsed from over-harvest. When herring stocks rebuilt, a new roe fishery was initiated. In 1985 Natives owned 392 of a total of 1,327 gillnet roe herring licences and 60 of 252 seine licences.

In 1975, a herring spawn on kelp fishery was also initiated. Of 28 spawn on kelp licences first issued, 10 went to non-Natives, 5 to Native bands, and 13 to Native individuals.

Erosion Of The 'A' Licence Fishing Priviledges

In 1968, the A licence was implemented as a limited entry licence that was eligible to harvest all commercial species. At that time, a C licence was also introduced. It allowed fishing all species except salmon. C licence entry was not limited. This resulted in increased participation in non-salmon fisheries to continue and this contributed to the erosion of the A licence privilege. The non-salmon fisheries continued to grow until entry was limited to each of them.

[illegible]

The decrease in the number of species that could be harvested with an A licence shortened the fishing season. Traditionally most of these non-salmon species were fished in the spring, fall and/or winter – the off-season for salmon. This often included early halibut and/or herring and late groundfish and/or clams and other shellfish. This reduction decreased the earning season and potential of both fishermen and the capital invested in vessels and gear. In turn this resulted in decreased overall earnings and increased reliance on Unemployment Insurance (UI) and welfare. Fishermen had to fish harder to make up for the reduced income and to make the season in one fishery instead of 3 or 4. This meant they had to fish the unproductive times early and late in the salmon season to be eligible for UI. Fishermen had to fish more areas of the coast to stabilize their income. The decrease in the number of species that could be fished also increased the variation of annual earnings and increased fishing costs. These competitive pressures encouraged increased investment in new, bigger vessels and new, more competitive fishing gear and technology. The increased mobility and catching power of the fleet forced shorter fishing weeks to conserve salmon. This increased the risks for both salmon managers and fishermen. For example, in the past, having alternate fisheries available meant that fishermen wouldn't necessarily lose a fishing season if they were ill or had a vessel breakdown or other problems – there were always the off-season fisheries to make up for a lost salmon season.

As well as the decrease in the number of species an A licence could be used for, the value of salmon catch decreased from the mid-1980s to the present. The decrease was due to a combination of factors including decreased BC salmon production, decreased salmon prices and decreased catch resulting from conservation limitations. During the 1980s and 1990s the fishing effort, catch and prices of non-salmon species increased. The landed value of non-salmon was less than \$100 million in the early 1980s. From 1994 to 1999 the value of non-salmon species averaged about \$300 million annually – about 98% of which was no longer available for harvest under A licences.

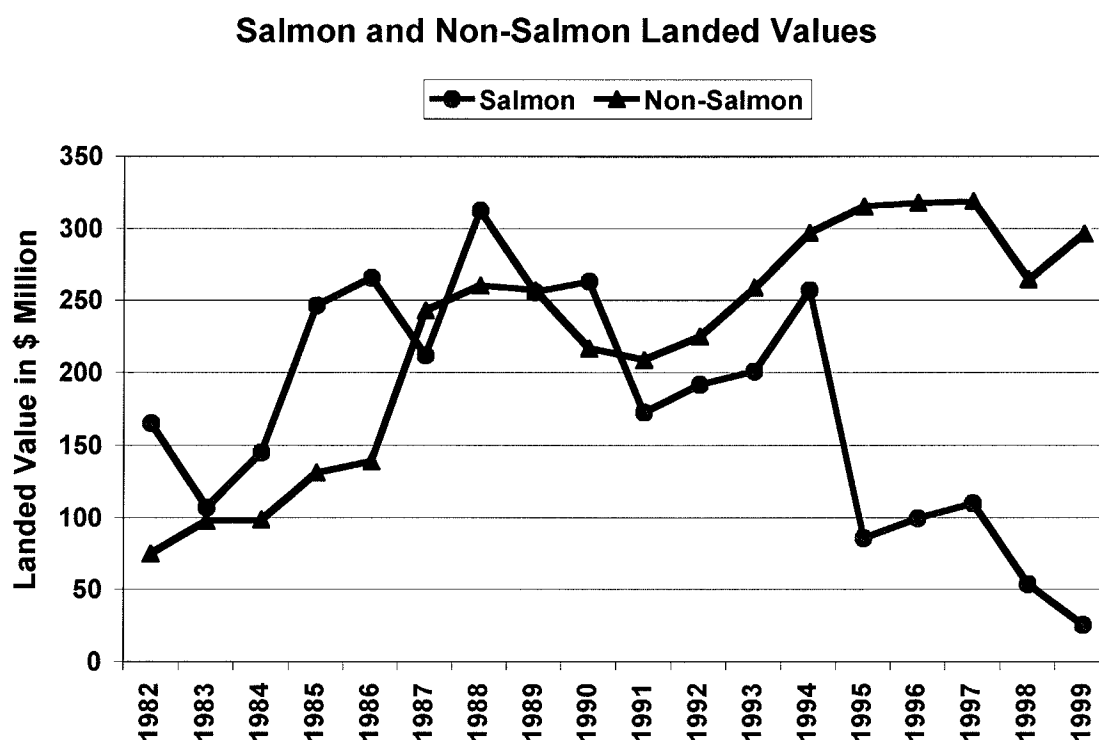


Figure 7: illustrates the decline in the value of salmon catch and the increase in value of the non-salmon catch from 1982 to 1999. The decline in the value of salmon catch in the 1990s is primarily due to decreasing salmon production and prices. Production was impacted by adverse ocean conditions. Prices decreased with increased farmed salmon production.

There are a number of reasons why Native fishermen didn't capitalize on these licensing changes. The Davis Plan had already removed many of the people who had fished these other species from commercial fishing. The licensing programs and requirements kept changing, leaving all but insiders surprised and off-balance. For example, the Davis Plan allowed anyone with a salmon catch to get an A or B licence. However, with halibut limited entry a minimum catch of 3,000 pounds in the qualifying period was required. The various different licensing programs included limited entry, area licensing, gear licensing, personal licences, vessel licences, individual transferable quotas, vessel quotas, licence stacking, licence pyramiding, and other wrinkles. People involved in advisory and consultative processes definitely had an advantage of early warning of what was being considered. This tended to favor urban, successful fishermen who could afford to hire legal and financial advice.

There were other factors that affected the availability of rental boats for fishermen. With open entry, competitive fisheries, it was in the best interests of companies to support as large a fleet as necessary to ensure that they got their aspired share of catch. This meant a fleet size was maintained well beyond diminishing returns to ensure catch share in peak years and to discourage competition from entering the business.

With limited entry, licences became valuable assets on their own. For processing companies, the licences of their large rental fleets offered an asset that could be sold, especially when the licence was on a low value boat in need of expensive repairs. Without a boat, fishermen couldn't participate in either salmon or non-salmon fisheries.

With the implementation of quotas, the situation changed dramatically. The fishery was no longer a competition for catch. The quota was a hard asset, not just an opportunity to compete. Any fishing vessels or crew not required to harvest the quota were costs to be eliminated. There were strong incentives to consolidate catch quota to decrease such costs. There was also a strong incentive to fish to high value markets to increase the value of the catch.

Current Native Involvement In Non-Salmon Fisheries

Although the catch and value of non-salmon fisheries has increased significantly, Native involvement has decreased even more significantly.

Halibut:

When halibut quotas were introduced, a minimum production requirement of 3,000 pounds in 1977 and 1978 was implemented to jump-start the move toward economic and administrative efficiency. No Natives met this requirement because they fished seasonally, used a portion of catch to meet food and social needs and most fished from small boats. Also, 1977 and 1978 had above average salmon catches and the third and second lowest halibut catches in at least the previous 26 years. Because of this, many people that would normally have fished halibut in those two years didn't.

In response to Native complaints about being excluded, twelve special personal licences were granted for Natives for company owned rental boats. The current use of those licences is unknown. The quota implementation process favored primarily a few vested interests. No Natives were successful in their halibut licence appeals. There was a strong impression that either DFO didn't understand the nature of the Native halibut fishery or purposely set out to eliminate it. The fairness of the licence appeal process was questioned in Cruickshank and other reports. The role of companies in the appeal process is not clear. However, there were strong suggestions of complicity – finding 'errors' in sales slips so that 50 more of their fishermen could make the cutoff. Under relaxed and generous grounds for appeal 405 non-Native and 30 Natives applied – 91 non-Native and 0 Native appeals were successful. When Canadians were excluded from fishing halibut in Alaskan waters 38 more licences were issued – all to non-Natives. In 1983, 18 special licences for Natives were issued to correct the imbalance of Native involvement. There were 8 licences included in the NNFC purchase of the BCP gillnet fleet. [The halibut case is documented in the 1987 report by Peter Scow.]

Native halibut licences dropped from 263 in 1951 to 12 in 1979 and back up to 35⁸ in 1986. It is currently estimated that Natives own 39 halibut licences. The 1996 total landed value of halibut was \$32.5 million.

Groundfish:

Natives now own 6 trawl licences - about 4% of the licences as compared to 9% in 1951. The total 1996 landed value of groundfish, excluding rockfish and sablefish (black cod), was \$30.2 million.

Crab:

Natives now own 4 (1 R and 3 FR) crab licences (1.8%) as compared to 46 licences (25.4%) in 1951. The total landed value of crab in 1996 was \$23.7 million.

| | 1951-2 | | | 2000 | |
|---------------------|--------|----------|-------|--------|-------|
| | Indian | Indian | | Indian | |
| Licence | Owned | Operated | Total | Own/Op | Total |
| Salmon Drag seine | 9 | | 9 | 0 | 0 |
| Salmon Purse Seine | 52 | 164 | 501 | 111 | 280 |
| Salmon Gillnet | 1122 | | 5429 | 502 | 1582 |
| Salmon Troll | 596 | | 5129 | 43 | 561 |
| Cod | 145 | | 684 | 24 | 173 |
| Prawn | 7 | | 258 | 5 | 252 |
| Crab | 46 | | 181 | 4 | 223 |
| Trawl | 8 | | 94 | 6 | 142 |
| Herring Purse Seine | 2 | 6 | 74 | 80 | 252 |
| Herring Gillnet | 0 | | 28 | 315 | 1327 |
| Herring Food + Bait | 2 | | 17 | 1 | 12 |
| Halibut + Black Cod | 263 | | 928 | 39 | 480 |
| Abalone | 20 | | 24 | 0 | 26 |

Table 3: Compares the number of Indian and Total licences issued by the Department of Fisheries in 1951-2 fiscal year (Gladstone, 1953) and in 2000⁹. The Native population has increased significantly since 1951-2. However, the number of each type of licence owned by Indians has decreased except for herring gillnet and seine, which is a new fishery. In 1952, the herring fishery was primarily by seine for reduction, with very limited gillnet harvest for food. Today, the fishery is for roe and involves both seine and gillnet harvesting.

⁸ Twelve of those licences were for Native use – not Native owned.

⁹ All licences of known Native owners and of all owners of reduced fee licences were assumed to be Native owned. This may under-estimate actual holding slightly.

Abalone:

Abalone fishery changed from a safely sustainable, predominantly Native fishery in the inter-tidal area to a harvest by divers. Divers harvested in the sub-tidal area and the stocks were quickly over-harvested. The fishery has been closed since 1990 and abalone now may still be at risk of extinction. There are no Native abalone licence holders – down from 83% of licences in 1951. There has been no legal catch since 1989.

Clams:

Indian clam diggers now have 564 of 1190 licences. This is less than 50% of clam diggers, down from 90 to 95% of diggers in 1951. The changes in area management have started to give more local say in clam management.

Herring Roe:

The roe herring licences are personal [not vessel based]. In 1977, Natives owned 392 gillnet and 60 seine roe herring licences. However, by 1985, 330 gillnet and 53 Native seine licences were under lease agreements ranging from 1 to 99 years. Many of the licences are leased to companies to which the Natives were debtors. In the late 1980s, leases 99 years or longer were assumed to have been sold and a number of Native licences were officially lost. More recently, licence pooling requirements have encouraged leases. In 2001, Natives officially own 315 reduced fee gillnet licences and own or operate 80 herring seine licences. Some licences are leased with the provision that the owner of the licence will fish for the company [for salmon, herring and possibly other species] and in return the company gets the roe herring production of the herring licence. Some licences are leased because the licence holder does not have a vessel. The leases do provide some income. However, the downside of long-term leases is that the licences are lost to Native owners. Also, many leases were negotiated when lease rates were low so they are currently undervalued. [NBBC 89]

Roe herring licences can also be stacked. This reduces the number of vessels and fishermen involved in the fishery. For example, in 1987, 251 seine licences were fished on 162 vessels and 1,327 gillnet licences were fished on 827 vessels. [NBBC, 1989] The estimated landed value of roe herring in 1997 was \$49 million.

Herring Spawn on Kelp:

Natives traditionally harvested herring spawn on kelp (SOK) on the beaches for their own use and limited trade. In the early 1970s, a fair bit of SOK was being harvested off of beaches and sold illegally for the Japanese market. It was a relatively poor quality product because of sand in it. DFO approved pilot testing of ponded herring spawning on kelp to produce a high quality, valuable product. The results were positive and DFO authorized a limited fishery. Although the product was sold in Japan it was a traditional Native fishery. Consequently DFO intervened to ensure that Natives were given preference for the early licences and quota. A total of 28 licences were issued initially: 13 to Native fishermen, 5 to Native bands and 10 to non-Natives. In 1990-91, 10 more Band SOK licences were issued on the recommendation of the Indian Licence Advisory Board. In 1992-93 another SOK licence was issued under the AFS program. From then until 2000 another 7 FJ licences have been issued, bringing the total in 2000 to 46 licences. In 1997, the landed value of SOK was \$17.7 million.

Herring Food and Bait:

This fishery is not limited entry but has been a quota lottery fishery since 1985. A requirement to participate in the fishery is having an H or T licensed seiner. Licences are personal and non-transferable. Issuance is by a lottery-type arrangement.

The total landed value of herring roe, SOK and bait was \$99.7 million in 1996.

Sea Urchin:

Since 1983, the sea urchin fishery has grown from \$1 million to over \$3 million in 1986 and \$12.1 million in 1996. Natives own 1 licence for green urchins and 21 for red urchins.

Geoduck:

No Natives have licences for the geoduck fishery. The landed value was \$4.6 million in 1986 and \$34.8 million in 1996.

Black Cod (Sablefish):

One of 48 black cod licences is owned by a Native. The landed value of the black cod fishery was \$23.7 million in 1996.

Rockfish:

Natives own 24 of 173 rockfish licences. Rockfish landed value in 1996 was \$20 million.

Shrimp and Prawns:

Natives own 19 of 501 shrimp and prawn licences. The 1996 landed value was \$38.6 million.

LICENSING IMPACTS ON NATIVE INVOLVEMENT IN COMMERCIAL FISHERIES

It is important to note that many people were impacted by these licensing changes.

The most impacted tended to be rural, low income, with few employment options, without legal and financial advice, without awareness of planned changes or their implications, and in debt to fishing companies or financial institutions. Many Native fishermen tended to have all of these liabilities.

The bottom line is that the licensing changes that have been implemented from 1968 to the present have dramatically reduced the number of commercial fishing licences owned by Natives.

Table 4 summarizes current Native and total licence holdings. It shows that Natives own or operate many fewer licences for other species than for salmon and herring. It

| Summary of Licence Holdings | | |
|-----------------------------------|--------|-------|
| Fishery | Native | Total |
| Salmon GN | 502 | 1582 |
| Salmon SN | 111 | 280 |
| Salmon TR | 43 | 561 |
| Herring GN | 315 | 1327 |
| Herring SN | 80 | 252 |
| Herring SOK | 46 | 56 |
| Abalone | 0 | 26 |
| Geoduck | 0 | 56 |
| Sablefish | 1 | 48 |
| Halibut | 38 | 432 |
| Crab | 4 | 223 |
| Shrimp + | 20 | 501 |
| Groundfish | 6 | 142 |
| Urchins | 22 | 159 |
| Cukes | 7 | 85 |
| Rockfish | 24 | 173 |
| note: includes owned and operated | | |

is important to note that these are licences not vessels fishing or jobs. Licence stacking, pooling, leasing and other arrangements result in significantly fewer vessel fishing. For example, in 2000, there were 535 reduced fee salmon licences on 435 vessels. Many herring licences are pooled and leased. Quota licences are also pooled.

There was a decrease in the number of A licences and fishing vessels, both of which decreased salmon employment earnings. There was also an erosion of the remaining A licence privileges to harvest non-salmon species. The impacts have been further aggravated by decreased salmon catches and values.

The intent of these licensing programs was primarily to improve the economics of the fisheries and to reduce conservation risks. The impacts of the various programs have had many unintended consequences of impacting Native fishermen more than others.

IMPACTS OF LICENSING PROGRAMS ON COMMUNITIES

The loss of fishing income can impact the economic viability of communities and result in bankruptcy of local services. Some of the impacts on communities can be inferred from the following reductions of their local fleet.

| Community | Employed as | | | Commercial Licences | | | Personal CF Licences | | | |
|--|-------------|------|------|---------------------|------|------|----------------------|------|------|------|
| | 1950 | 1960 | 1970 | 1983 | 1996 | 1999 | 1982 | 1983 | 1991 | 1995 |
| Alert Bay | 29 | 54 | 44 | 63 | 40 | 19 | 250 | 219 | 217 | 238 |
| Bamfield | 56 | 68 | 70 | 42 | 17 | 5 | 72 | 80 | 58 | 55 |
| Bella B./Waglisla | 19 | 58 | 61 | 17 | 52 | 26 | 125 | 127 | 176 | 232 |
| Bella C./Hagensborg | 46 | 78 | 89 | 118 | 53 | 40 | 108 | 124 | 128 | 134 |
| Coal Harbour | 9 | 5 | 7 | 11 | 5 | 2 | 22 | 16 | 23 | 32 |
| Kyuquot | 33 | 42 | 50 | 15 | 15 | 5 | 38 | 41 | 42 | 97 |
| Masset | 60 | 29 | 60 | 70 | 28 | 6 | 218 | 151 | 141 | 143 |
| Port Clements | 5 | 2 | 3 | 14 | 0 | 0 | 18 | 11 | 13 | 8 |
| Port Hardy | 14 | 11 | 30 | 80 | 67 | 30 | 215 | 198 | 349 | 539 |
| Port McNeill | 0 | 0 | 0 | 21 | 10 | 7 | 123 | 117 | 49 | 74 |
| Port Simpson | 92 | 73 | 110 | 59 | 34 | 16 | 128 | 146 | 147 | 131 |
| Quatsino | 15 | 24 | 14 | 11 | 10 | 6 | 15 | 18 | 15 | 17 |
| Queen Charlotte | 30 | 15 | 6 | ? | 13 | 8 | ? | ? | 90 | 67 |
| Sandspit | 15 | 43 | 51 | 5 | 1 | 1 | 10 | 7 | 11 | 5 |
| Skidegate | 9 | 45 | 22 | | 14 | 4 | 22 | 25 | 29 | 52 |
| Sointula | 117 | 103 | 97 | 119 | 90 | 56 | 192 | 185 | 212 | 241 |
| Tofino | 16 | 50 | 48 | 109 | 28 | 6 | 147 | 135 | 207 | 189 |
| Ucluelet | 56 | 77 | 87 | 93 | 37 | 14 | 212 | 177 | 200 | 206 |
| Winter Harbour | 14 | 9 | 13 | 8 | 2 | 0 | 16 | 12 | 6 | 7 |
| 1950, 1960, 1970 are from Post Office Directories. | | | | | | | | | | |

Table 5: Community Licensing Trends. With licence stacking, the number of vessels fishing from each of these communities might have been further reduced. The 1950, 1960, and 1970 data come from Post Office Directories on heads of household employment by community. Later vessel and PCFL licence data are from DFO publications.

Individual Versus Band Owned Licences

Governments are concerned with employment at the community level, but Native licenses were owned by individuals or rented from a company. What is in the individual's [or company's] best short-term interest may not be in his best long-term interest or in the best interest of his community or of those providing services. Consequently, many individuals sold their licences for various reasons – because of debt, to retire, to get money, to serve other perceived best interests. This has had a major impact on overall Native involvement in commercial fisheries. As many Native communities have few other employment opportunities than commercial fisheries, this is a continuing concern. With the NNFC purchase and the start of F licences the Native licensing changed from individually owned to community owned licences. These licences are managed for community rather than individual interests.

| Native Community | Number of Fishermen | | | | Operated Vessels | | Owened Vessels | Salmon Licences | |
|----------------------|---------------------|------|------|------|---------------------|------|-------------------|--------------------|------|
| | 1971 | 1972 | 1991 | 1995 | 1972 | 1973 | 1972 | 1997 | 2000 |
| Ahousat | | | 80 | 102 | | | 24 | 18 | 6 |
| Aiyansh | | | 1 | 2 | | | | 2 | 0 |
| Alert Bay | | | 217 | 238 | | | 45 | 36 | 19 |
| Bella Bella/Waglisla | 124 | 130 | 176 | 234 | 8 | 15 | 48 | 48 | 26 |
| Bella Coola | 56 | 53 | 103 | 97 | 4 | 0 | 46 | 39 | 33 |
| Canyon City | 6 | 12 | 1 | | 3 | 6 | 2 | | |
| Gilford Village/Is. | | | | 3 | | | | | |
| Gittlakdamix | 34 | 35 | | | 16 | 16 | 10 | | |
| Gitwinkshilkw | | | 9 | 10 | | | | 2 | 1 |
| Glen Vowel | 9 | 9 | | | 4 | 4 | 2 | | |
| Greenville | 23 | 24 | 14 | | 7 | 6 | 5 | 1 | 1 |
| Hagwilget | 0 | 1 | | | 1 | 1 | | | |
| Hartley Bay | 40 | 44 | 44 | 36 | 9 | 7 | 12 | 9 | 5 |
| Hazelton | 17 | 31 | 54 | 54 | 13 | 13 | 4 | 13 | 8 |
| Kincolith | 44 | 56 | 23 | 18 | 22 | 23 | 17 | 5 | 2 |
| Kingcome Inlet | | | 4 | 3 | | | | 1 | 0 |
| Kispiox | 21 | 27 | 3 | 2 | 16 | 15 | 3 | 1 | 1 |
| Kitamaat Village | 32 | 38 | 11 | 10 | 4 | 5 | 12 | 7 | 4 |
| Kitasoo | 18 | 25 | 21 | 29 | 3 | 2 | 10 | 2 | 0 |
| Kitkatla | 60 | 68 | 50 | 44 | 14 | 19 | 18 | 11 | 5 |
| Kitsegukla | 17 | 21 | | | 16 | 16 | 2 | | |
| Kitselas | 2 | 2 | | | 1 | 2 | | | |
| Kitsumkalum | 5 | 10 | 3 | 2 | | | 4 | | |
| Kitwancool | 15 | 16 | 4 | 1 | 10 | 11 | 1 | | |
| Kitwanga | 18 | 27 | 59 | 50 | 9 | 13 | 2 | 19 | 7 |
| Kyuquot | | | 42 | 97 | | | 16 | 9 | 5 |
| Metlakatla | 23 | 27 | 10 | 1 | 6 | 9 | 5 | 1 | 0 |
| Morice town | 2 | 2 | 1 | 1 | 2 | 2 | 1 | | |
| New Aiyansh | | | 26 | 26 | | | | 1 | 1 |
| Old Masset | 50 | 61 | 3 | 2 | 3 | 2 | 21 | 17 | 6 |
| Oweekeno | 2 | 7 | | 0 | 2 | 0 | 1 | | |
| Pt. Simpson | 129 | 136 | 147 | 131 | 34 | 32 | 51 | 42 | 16 |
| Quathiaski | | | 130 | 150 | | | 1 | 23 | 15 |
| Quatsino | | | 15 | 17 | | | | 8 | 6 |
| Sechelt | | | 74 | 87 | | | | 10 | 5 |
| Skidegate | 33 | 53 | 29 | 52 | 2 | 1 | 15 | 10 | 4 |
| | | | | | | | | | |
| Total North Coast | 508 | 618 | 449 | 406 | 14 | 19 | 163 | 132 | 56 |
| Total Central Coast | 272 | 297 | 344 | 395 | 30 | 29 | 129 | 98 | 64 |

Table 6: Native Community Licensing Trends. This table shows the general trends in the number of Native fishermen, of vessels operated by Native fishermen, of vessels and licences owned by Native fishermen by community. Most are Native communities, but Sechelt, Kitimat, Masset, and Kitimat include non-Natives in the 1990s and 2000. The blanks are unreported, not zero. Bold numbers are owned and operated. Bold italic numbers include non-Natives. Because of licence stacking, in 2000 there were fewer vessels than licences. 1971, 1972 data are from McEachren, 1973. Other data are from DFO PCFL printouts.

Community Impacts of Consolidation of the Fish Processing Sector

The impacts of changes in the salmon industry on Indians have affected more than just fishermen. After the initial expansion of the processing sector, with many plants along the coast, there was a consolidation to increase economic efficiency. Most impacts of decreased numbers of processing plants occurred in the 1940-60 period but continued at a lower level to the present. As the processing industry consolidated, local plants were closed and their associated fleets relocated or sold. This eliminated local fishing, processing and other service jobs. For example, in 1963 the local fish processing complex in Klemtu closed and took with it all of the cannery, cold storage, fish reduction, repair shop, store and other service jobs. Moreover, the departing fishing company removed its 49 fishing vessels that had been headquartered in and crewed from the community. The community went from near full employment to near zero employment.

In non-Indian communities suffering similar loss of mainstay industries, the people leave and the community shrinks or disappears. For Indian communities, their entire current legacy is tied to their traditional lands and resources, their current reserves and funding systems, and their future treaty settlements that are also based on local land and resources. To leave the area would be to lose their past, present and future.

Another impact of fleet downsizing is leaving fishermen and their communities with fewer or no vessels to use for food fishing and transportation. This especially hits communities that are forced to get their food fish at some distance away. This happens when salmon returns are poor in their local area, as has occurred in many areas recently. Without a fishing vessel for transportation and fishing, a community may be left without access to food fish. For example, the Oweekeno Nation members have lost all of their commercial fishing licences, at least in part because of various government fleet rationalization initiatives. In 2000, when local salmon returns didn't allow a local food harvest, the Oweekeno people didn't have any appropriate fishing vessels to go to other possible fishing areas. Consequently, they couldn't meet their food fish needs.

Case Study –ALERT BAY

From 1950 through 1970 fishing was the largest single employment category in Alert Bay accounting for more than one quarter of all jobs. The Alert Bay population grew in the 1950-1960 period. [1950 = 169 families; 1960 = 235 families; 1970; 187 families] INAC forced Indians to move into the Alert Bay area during the late 1950s and early 1960s. In the 1970s, both INAC and the Namgis Band Council actively discouraged settling in the area because there was "no growth potential".

In the 1980s, there were more than 220 commercial fishing licences in Alert Bay. This fleet was a mix of Indian, corporate and other ownership. The local economy was vibrant. The fishing and support service industries were all busy during the fishing season. There was a future and many opportunities.

In 1995, before the Mifflin Plan, there were 22 salmon seine and 19 gillnet or troll licences with Alert Bay listed as homeport. These licences provided 150 fishing jobs in a community of more than 1,100 people. There was also a corporate fleet that hired from Alert Bay. In total, there were 234 personal licences listing Alert Bay as home.

Today, there are now only 19 licences listing Alert Bay as homeport. It is unclear how much licence stacking has reduced the number vessels fishing from Alert Bay. This loss of more than 50% of the licences has had a devastating impact on the community.

Fishermen in Alert Bay normally fished the Central Coast and Johnstone Strait areas. With area licensing, they had to buy two area licences to fish their usual areas. To stay with a single licence they would have to learn to fish new areas to fill in a fishing season. Many northern and southern fishermen normally stayed within their respective licence area so were less affected by area licensing.

Some of the downsizing was the decision of the individual Indian licence owners. However, most of the impact was a result of fishing company stacking licences and reducing their rental fleet. This was beyond the control of the community or individual fishermen. These impacts were added to by the closure of the local ice plant, net loft, shipyard, and other services that resulted in more jobs lost. Downsizing and closing local DFO, Coast Guard and other government offices further aggravated the situation. The reduced total income to the community impacted the local service industry.

The impacts of these job losses have been severe. Some people have been forced to leave their traditional homes and community. Social problems have grown. Reliance on welfare and social assistance has skyrocketed.

Although there was financial assistance to the Alert Bay community associated with the salmon fleet reductions, it went to community projects, not displaced fishermen.

With fleet reduction, the A and A-I licences were bought-back but N and F licences were not. As N licences are primarily in the Nass, Skeena and Masset area, that area now has a disproportionate number of Native commercial licences. The AFS pilot fisheries also provide strong local concentrations of commercial fishing benefits to three areas. These three areas also have major forest industries, tourism, and diversifying economies.

There are large areas of the coast with few remaining commercial fishing licences. Many of these areas also have few other economic or employment opportunities. Forestry is limited in most areas. Tourism is beginning to develop in some areas. There is no agriculture and little industrial development.

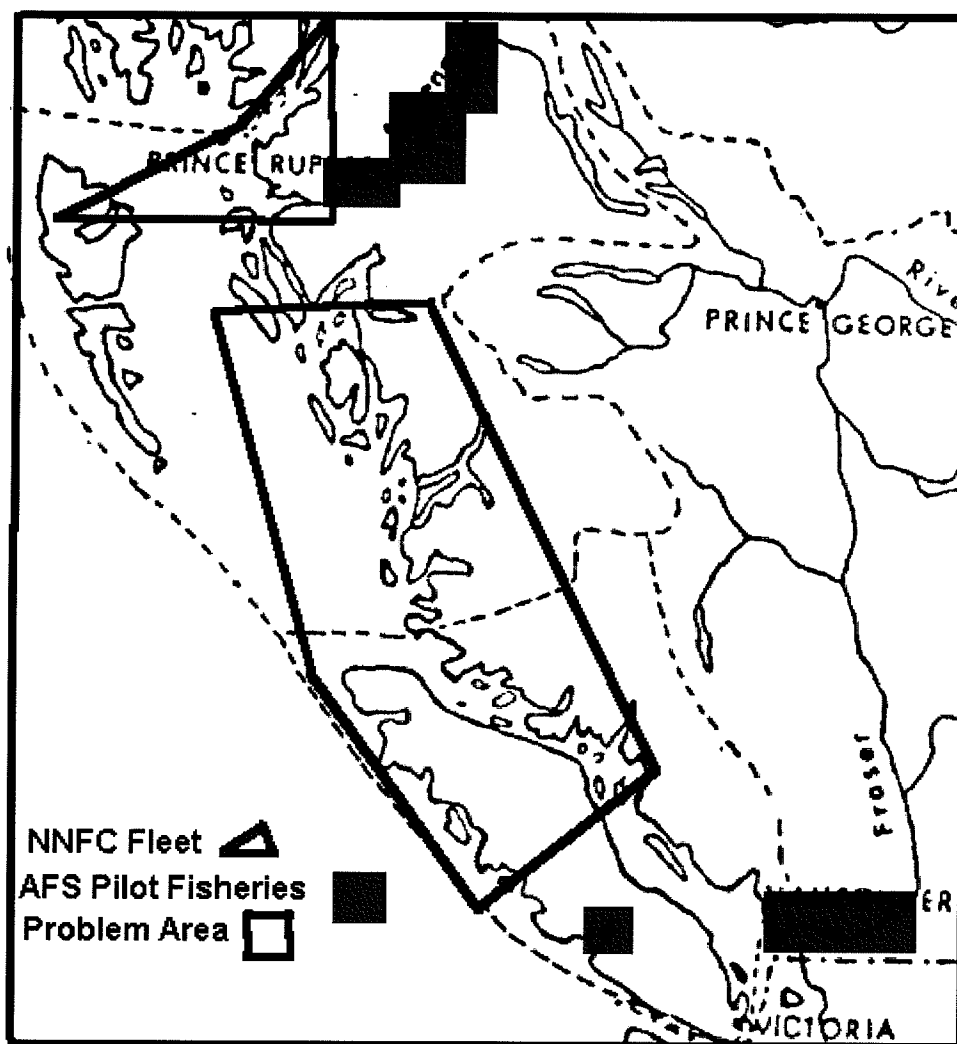


Figure 8: Distribution of concentrations of Native commercial fishing by home community. The NNFC fleet is concentrated in the north owned by Nisga'a, Haida, Tsimshian and Gitksan Wet'suwet'en tribal Councils. N licences are protected and were excluded from buyback. There are three AFS pilot fisheries in which sale of catch is allowed: lower Fraser, Soanass and Skeena. The Skeena fishery is for surplus sockeye only. The green area has been heavily hit by fleet reduction, gets little benefit from the N licences and pilot fisheries and generally has few other options than commercial fishing.

Case Study - BELLA BELLA

Fishing, fish processing and vessel repair accounted for 28.5% of jobs in Bella Bella in 1950, 55.1% in 1960, and 70% in 1970.

The number of salmon licences listing Bella Bella as homeport increased from:

- 22 in 1966 [Campbell, 1973] to
- 48 in 1972 [McEachern, 1973] to
- 63 in 1995 [ARA, 1998] and down to
- 42 in 1997 [ARA, 1998] to
- 26 in 1999 [DFO, 2000].

The number of individual personal licences in Bella Bella grew from:

- 127 in 1982 to
- 177 in 1991 to
- 238 in 1995

The increase in personal licences reflects a growing population and growing dependence on commercial fishing for employment.

In 1982, there were 75 processing plant jobs in Bella Bella.

Concluding Comment:

Almost Come Full Circle

Over the past 120+ years fisheries have come almost full circle. The Pacific fisheries started with local, stock specific harvesting, private ownership, harvesting rights and responsibility for the conservation of fish stocks. With "commercialization" the fisheries became common property and competitive and grew out of control. DFO is now moving the fisheries back toward what they were originally – local, stock specific fisheries, some with privately owned production, limited harvesting rights and responsibility for paying for conserving the fish stocks. A major difference between then and now is ownership. Before the start of the commercial fishery Natives 'owned' all of the fish resources. Later, large numbers of Natives were involved in the early commercial fisheries and fish processing. Since then, Native involvement and benefits at the local level have decreased to almost non-existent for most species fisheries. Natives had hoped that the treaty process could return to them at least a part of what they started with. There is little hope of that now.

How and why did this happen? Much of the decrease in Native involvement in Pacific fisheries can be traced directly or indirectly back to government policies and licensing programs. These policies and programs are also the reason why the treaty process will have difficulty meeting most First Nations' basic needs for a viable, resource-based local economy and employment.

There were real and pressing reasons for these fisheries licensing programs - excess catching power and fishing costs, over-harvesting, decreasing stocks and catch,

reliance on fewer stocks, decreasing world prices. Before these programs, licensed fishermen couldn't make a living.

The Mifflin Plan addressed some fisheries management and long-term government funding problems. However, it has created an unsolvable problem for First Nations that are excluded from local fisheries, and have few, if any, other options to base their economy on. Addressing this problem will likely be a long-term cost for government.

The unintended consequences of licensing programs and the difficulty satisfactorily settling Native claims can be better understood when it is recognized that, until recently, Native commercial fishing licences have been owned by individuals. It is important to note that what is in the individual's best short-term interest may not be in his best long-term interest or in the best interest of his community. This has had a major impact on overall Native involvement in commercial fisheries. As many Native communities have few other employment opportunities than commercial fisheries, this is a continuing concern.

First Nations want to build their local economies on local resources. Native people are seeking meaningful, sustained employment on or near their community. Their aspiration is to retain their culture while having a reasonable standard of living. Unless local employment opportunities are developed, Band members will be faced with a choice of seeking jobs off-reserve and away from their culture and families or staying at home on welfare. Natives think it is better to develop employment opportunities to meet the local needs. Fishing for economic purposes is one of the few categories of jobs available to most coastal First Nations. Natives are convinced that there is an economically viable option that will better meet their local aspirations.

A 1970 Interview with Jack Davis, Minister of Fisheries.

When questioned about the welfare costs and impacts of the Davis Plan on Native communities, Jack Davis responded: **"These problems aren't going to be solved easily and they aren't going to be solved over night, so the transition will be slow. I believe that 50 and 100 years from now and we will still have some of our Native people in these relatively remote places. We will have to take meaningful jobs to them."**

It is now thirty-one years later. Since Jack Davis made this comment, Native people have lost even more fishing licences and processing jobs, especially in 'relatively remote places'. These problems aren't going to go away by themselves. Some excellent progress has been made on ensuring Native access to commercial fishing. The NFA has provided accessible loans for Native commercial fishermen. The F and N licences have protected Native involvement. The AFS pilot fisheries have involved many Natives in commercial fishing. The major shortfall is making more commercial fishing opportunities and fisheries related jobs available in relatively remote places, now, not when treaties are finally settled.

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