



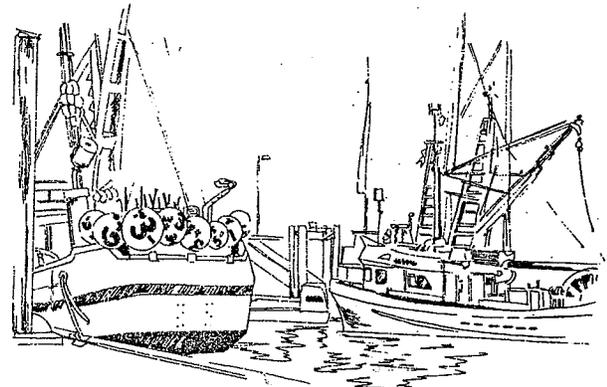
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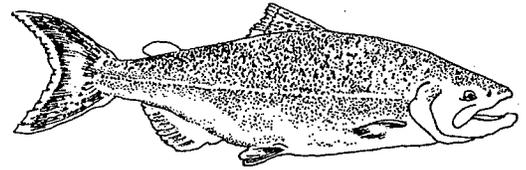
A New Policy for Canada's Pacific Salmon Fisheries

June 1984

A Question and Answer
Guide for
Commercial Fishermen



Canada



Over the past several years, the Pacific salmon fishery has been plagued with the twin problems of over-capacity and the high cost of catching fish. These problems have resulted in economic distress for fishermen and declining salmon stocks.

In response to these current difficulties, and to secure for the industry and the people in it a more stable and rewarding future, the Minister of Fisheries and Oceans is proposing a comprehensive package of legislation for the management and development of the Pacific salmon fisheries. This legislation, when approved by the Parliament of Canada, will provide the basis for action in six main areas:

- stock rebuilding;
- area and gear licensing and individual fishing allocations;
- Buy-Back;
- protection of Native participation;
- development of the B.C. sport fishery;
- community adjustment and economic development.

The policy will be introduced in stages during the period 1984-89. This will allow for a smooth transition to the new management system. More importantly, it will provide for consultation with fishermen and the opportunity to adjust the Program as necessary.

The Problem and the DFO Plan

Q: What is the primary cause for the decline of B.C. salmon stocks?

A: Studies indicate that over-fishing is the major problem. Dr. Peter Pearse concluded that our catches of salmon could be taken with fleets half their present size. Habitat degradation is a contributing factor in some areas. Although catches have been relatively constant in the recent past, it should be noted that enhancement has masked a continuing decline of important natural stocks, especially of chinook. Natural stocks are at half their historic levels.

Q: Is the outlook for the B.C. salmon catches entirely bleak?

A: The outlook for the remainder of this decade is poor because of a cycle of low production years. However, SEP will add about 20,000 tonnes to the salmon catches by the early 1990's and, together with DFO's stock rebuilding Program, should result in catches reaching 100,000 tonnes by 1993.

Q: What is the DFO plan for stock rebuilding?

A: A number of complementary fishery management actions are planned for the Pacific salmon stocks. These include:

- 1) reducing fishing pressure through fewer boats and reduced exploitation rates;
- 2) reducing mixed stock and interception fisheries and having a greater proportion of the catch taken in terminal fisheries;
- 3) selective enhancement and habitat restoration programs.

All sectors will join in the conservation actions.

Q: Why is the B.C. salmon fleet in such serious financial trouble?

A: Excessive harvesting costs combined with declining prices have made the fleet uneconomic. There are too many vessels and too much fishing power. It is important to emphasize that declining catches are not the cause of the current financial troubles. Catches in the 1980's have been roughly equal to those obtained over the past decade.

Q: How many B.C. salmon fishermen are in financial difficulty?

A: It is estimated that about 1,500 fishermen, mainly large troller and seine boat owners, are in serious financial difficulty. Total indebtedness of the salmon fleet amounts to over \$200 million. It is estimated that the fleet lost \$70 million in 1983 and could likely lose another \$70 million in 1984. Without government intervention these losses will continue through to 1990.

Q: Why is the federal government intervening in the present financial crisis in the fisheries? Wouldn't market forces eventually correct the situation?

A: No. If no government action is taken stocks will continue to decline and many fishermen will be forced into personal bankruptcy, losing vessels, personal property and homes. However, the number of vessels in the fishery would be unchanged, as the new owners would obtain the right to enter the fishery, which they can be expected to do as catches recover. The salmon resource would still be under extreme pressure. Moreover, any upturn in profits resulting from better catches or markets would inevitably lead to a return of the current crisis because of the incentives to invest in fishing capacity, unless there is a fundamental restructuring of the whole Pacific salmon fishery.

Q: How does DFO propose to implement the new Pacific Salmon Fisheries Policy?

A: Measures to implement the policy will be introduced in stages during the period 1984-89. These are:

a) In 1984:

- total allowable catches will be reduced to improve escapement to the spawning grounds;
- a Buy-Back Program aimed at reducing the fleet by between 35% and 45% (about 1,800 vessels) will be implemented;

b) Commencing in 1985:

- individual fishing allocations will be introduced in selected areas in the troll and net fisheries;
- salmon vessels owners will be required to select one of four areas if using a net gear type, or one of three areas if using a troll gear type;
- the salmon catch will be divided within the commercial fishery by gear type;
- the fisheries will be managed with more fish being caught in terminal fisheries;
- area fisheries management committees will be established;
- licence fees will be increased;

c) By the end of 1987:

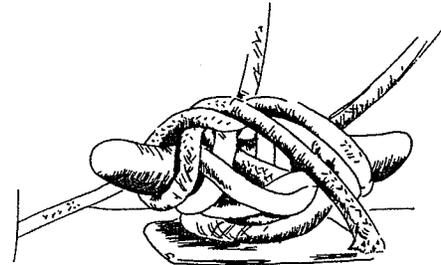
- the area licensing system will be refined;
- individual fishing allocations will be extended to all salmon fisheries;

d) By the end of 1989:

- development and refinement of the new measures will be complete.

This schedule allows for a smooth transition to the new management regime. It also provides time for consultation with fishermen and opportunity for DFO to adjust its implementation accordingly. To reduce economic impacts, adjustment

measures will be an integral element of the new policy, including measures to create fisheries-related employment in small and remote communities and economic development programs for Natives.



The Buy-Back Program

Q: What are the principles behind the Buy-Back Program?

A: The Program will limit financial hardship of fishermen by protecting them against personal bankruptcy and loss of homes, but it is not a bail-out for the fishermen or for lending institutions. It will also reflect the government's policies with respect to the restructuring of the fisheries and the need to protect the interests of remote communities. The Program will aim for full cost recovery.

These principles will be incorporated into the instructions to the Buy-Back Corporation which will be set up.

Q: How much money is available for Buy-Back?

A: The final details of the financial backing for the program will not be determined until negotiations with lending institutions are complete. However, we are aiming for a Buy-Back of at least \$100 million.

Q: How will the purchase price of vessels be determined?

A: Fishermen will be sent documents in the fall of 1984 and those wishing to offer boats and licences must tender the documents and indicate an acceptable price. All 'A' licensed salmon vessels are eligible. 'AI' licensed vessels are not eligible (fishermen with these licenses will be eligible for assistance under the new Native Fishermen's Economic Development Program). Tendered vessels will be evaluated by qualified independent appraisers.

The government plans to make available to fishermen a free service of advice on personal financial problems and opportunities related to Buy-Back, offered through accounting firms in local centres.

Q: Will details of future catch prospects, long-term salmon management plans and division of the catch by gear and area, as well as final details of the management regime, be available to fishermen before the Buy-Back starts to assist them in making personal decisions?

A: Yes. As much information as possible will be provided to fishermen so that they can make a decision about remaining in the fishing industry.

Fishing Allocations

Q: What arrangement are being made to ensure that bona fide fishermen continue to have a place in the fishing industry?

A: A number of measures are being implemented. The licensing system will be changed from a vessel-based licence to a personal licence. Control of licences by non-fishermen, processors or other corporations will be reduced.

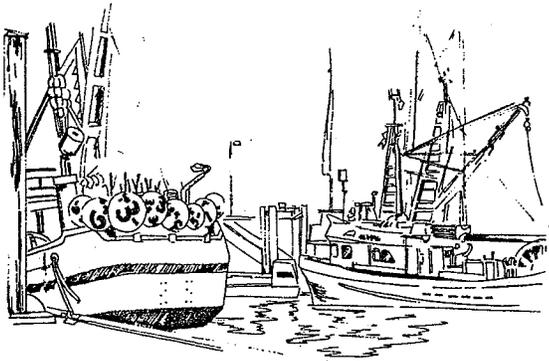
Individual fishing allocations will be subject to owner-operator provisions - i.e., the fishermen who holds the allocation will have to be engaged in the fishing operations. In addition, there will be limits on the amounts of fishing allocation that may be held by any one individual, to ensure a wide distribution of fishing rights among bona fide fishermen.

Q: How will the initial fishing allocations be made?

A: The initial determination of individual fishing allocations will be based principally on historic catch records. Consultations will be held with fishermen to ensure that these allocations are fair and equitable.

Q: What is the schedule for implementing individual fishing allocations to fishermen?

A: Individual allocations to fishermen will be implemented over the period 1985 to 1987. In 1985, fishermen who opt to fish the South Coast Outside Net Area (i.e., Barkley Sound) and the South Coast Inside Troll Area (i.e., Gulf of Georgia) will be licensed under this new system. In 1986 further areas will be added. By 1987, the individual allocation system will be in effect in all salmon fisheries and similar systems will be instituted in most non-salmon fisheries.



Q: Will fishing allocations be transferable during the season?

A: No except in special circumstances. Otherwise, catch monitoring and enforcement would become unmanageable. Transfer of allocations among fishermen will, however, be allowed prior to the start of the season.

Q: Will individual fishing allocations be based on weight or pieces of fish?

A: Allocations in some cases may be based on pieces. However, for the most part individual allocations will authorize the harvest of a portion of the total allowable catch. In multi-species salmon fisheries, the allocation may be expressed in "sockeye equivalents". This will provide fishermen the maximum flexibility in taking their allocation. It will also provide fisheries managers with the maximum flexibility to manage the fisheries.

Q: What are the benefits of DFO's plan to introduce individual fishing allocations in two fishing areas before full application in all Pacific fisheries?

A: Implementing the system in demonstration areas prior to wide-scale implementation provides DFO the opportunity to "fine tune" the system. Area Fisheries Management Committees will be established in 1985 to provide fishermen with the opportunity to advise on the development of the system and become familiar with its operation.

Q: Will fishermen be restricted to a single gear type?

A: Yes. Beginning in 1985, all salmon licence holders will be required to select one gear type only. The selection of gear type (and Area) will be for the period 1985 to 1987. During this period switching of gear types or Areas will not be allowed.

Q: What will be the terms attached to the new licences?

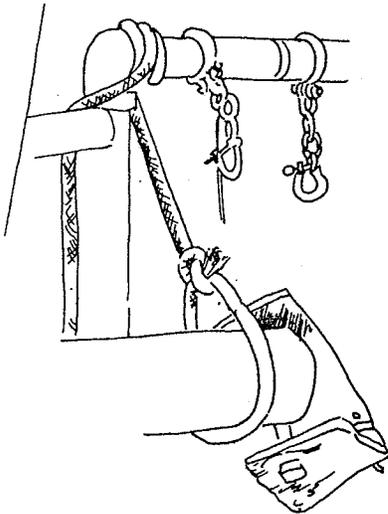
A: The licence will specify for certain Areas in 1985, and for all Areas by 1987 and thereafter, the maximum percentage of the total allowable catch of a given species of salmon that the licensee may harvest. It will also stipulate both the Area or portion of Area in which that allocation may be harvested, as well as the gear which the licensee will be permitted to use. The salmon licence will name the vessel that the licence holder will use in harvesting the allocation.

Allocations will be issued only to an individual personally engaged in the harvesting of salmon with the vessel designated in the salmon licence. Allocations will be transferable but no person may acquire, either directly or indirectly, any alloca-

tion, or interest in any allocation, that would be greater than the maximum allocation allowable. This maximum allocation will be determined by DFO after further consultations with the industry.

Q: What will the relative allocations be to Indian, commercial and sport fishermen, and between gear types?

A: Before the Buy-Back is initiated, DFO will establish a coast-wide division of salmon catch among the major user groups and gear types for the period 1985-87. It is expected that share of the catch going to sport fishermen is going to increase, but since that share is relatively small at present (approximately 5%), the increase will have only a small impact on the commercial fisheries. Allocations to the Indian food fisheries will be set in the short term by DFO through consultations with Native groups, and over the longer term will be fixed through the resolution of Native land claims.



Area Fisheries Management Committees

Q: What will be the role of Area Fisheries Management Committees?

A: Beginning in 1985, with the introduction of areas licensing, DFO will establish committees in each Area to:

- advise in the mechanics of implementing the new licensing system;
- recommend guidelines for dealing with appeals on initial individual fishing allocations;
- review area licensing, gear licensing and catch allocation arrangements and recommend improvements;
- recommend solutions to catch monitoring, surveillance and enforcement problems; and
- advise on area fisheries management stock rebuilding and enhancement planning.

Members of the committees will be elected by licensed fishermen in each Area, subject to a government requirement that all interested parties are properly represented.

Q: Will Area Fisheries Management Committees replace the Minister's Advisory Council (MAC)?

A: No. The Minister will still need a representative group to deal with coastwide issues.

Enforcement

Q: Are changes in catch reporting and enforcement necessary in order to make the system work?

A: Yes. Compulsory catch reporting will become a condition of the licence. Compulsory check-in procedures, the maintenance of log books and restriction of the number of landing points will be required. Increased penalties will be introduced to deal with violations.

Q: How can individual fishing allocations possibly be enforced and catches monitored with such a large fleet?

A: The segmentation of the coast into areas will facilitate monitoring and enforcement. DFO will re-assign staff to meet new enforcement needs. The establishment of Area Fisheries Management Committees should facilitate the cooperation of fishermen in managing and enforcing the fisheries in their own Areas - a key to any successful system. And, because the size of the fleet will be significantly reduced through Buy-Back, it will be possible to achieve more effective enforcement.

Economic Adjustment Measures

Q: What economic development and community adjustment measures is the government going to take to assist displaced fishermen and affected communities in adapting to the restructured fishery?

A: An initial fund of \$5 million has been set aside to provide for job creation in affected communities and training for displaced fishermen. In addition, committees comprised primarily of community members will be established to develop and coordinate for the use of these initial funds. DFO and the department of Regional Industrial Expansion will cooperate in the development of aquaculture and mariculture projects. Additional economic opportunities will be generated by the targeting of the salmonid enhancement and habitat restoration programs to assist communities in need.

DFO and other federal agencies will be consulting with fishermen's organizations and community representatives over the next few months to develop specific proposals.

Q: Will fishermen's eligibility for UIC be affected?

A: Stock rebuilding will tend to reduce the fishing time of fishermen and may, in some cases, make it difficult for them to qualify for UIC. DFO, in consultation with other federal agencies, will review the situation and develop corrective measures.

Native Participation

Q: Why is Native participation in the salmon fishery threatened at this time?

A: Native participation is threatened by the same factors that are presently causing financial distress for much of the salmon fishing industry. First, variable stock returns, soft markets for salmon products, and rising costs of debt servicing have resulted in financial difficulties for many Native fishermen. Second, processing companies that rent or lease vessels to Native fishermen are themselves in financial distress. All such vessels are likely to be sold off to raise much needed capital for debt retirement. The future of the Native fishermen who operate these fleets at the present time is uncertain. Finally, the government has decided to implement a Buy-Back of fishing vessels to reduce the overcapitalization of the fishing fleet. However, it is clear that if Native vessels were to be bought out of the fishery, Native participation would decline even further. It is for this reason that 'A1' licences are not eligible for the Buy-Back.

Q: How does the federal government propose to protect Native participation in the commercial fishery?

- A:** A Native Fishermen's Economic Development Program has been developed to promote Native participation in the fishery. Key elements include:
- a Program undertaken in conjunction with the financial institutions to reduce the outstanding debts of Native fishermen with 'A1' licences to manageable levels;
 - a special acquisition Program for the vessels and 'A1' licences of Native fishermen who wish to leave the fishery — these vessels and licences would not be permanently retired from the fishery, rather they would be sold back to other Native fishermen;
 - assistance to Native fishermen or Native organizations to acquire salmon fishing vessels currently rented from fish processors or which may become available through the 'A' licence Buy-Back process.

Q: How will DFO ensure that fishing licences will remain in Native hands?

- A:** Native fishermen acquiring vessels under the Native Fishermen's Economic Development Program will be issued licences and fishing allocations with limited transferability to ensure that they remain within the Native community.

General Questions

Q: Will licence fees be increased?

- A:** In 1985 all commercial fishing licence fees (other than roe herring fees) will be tripled. Revenues from increased fees will be used to help finance the Buy-Back Program.

Q: Will the new policy weaken Canada's efforts to obtain an equitable Pacific Salmon Treaty with the U.S.?

A: On the contrary, implementation of the new policy will improve our negotiating position. It will give the U.S. a clear indication of Canada's commitment to stock rebuilding, which is a basic principle of the draft treaty. However, it may be necessary to maintain certain key interception fisheries until an equitable agreement is achieved.

Q: What is the future of SEP under the new policy?

A: In June 1983, \$44 million in new funding was approved for the two-year Transition Phase of SEP, bringing the total budget of SEP to \$75 million for the years 1984-86. One major objective of the Transition Phase is to integrate enhancement with the overall stock and fleet development policy of DFO. New proposals for the long-term continuation of SEP, will be presented to Cabinet in 1985. These proposals will identify the enhancement options arising from a restructured fishery. New fish habitat restoration and protection programs will be introduced over the same period.

