

Getting to Owner-Operator in West Coast Inshore Fisheries

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Introduction

Why is there such a strong push from fishers and fishers' organizations to reform the licensing system in West Coast fisheries? Why did the Parliamentary Standing Committee on Fisheries and Oceans (hereafter called 'FOPO') in 2019 unanimously call for an independent commission to decide how to restructure the West Coast licensing system into a made-in-BC owner-operator¹ system (FOPO 2019)? The short answer is that BC fisheries policies no longer support those that it purports to serve: active fishers and their coastal communities. Especially since the 1990s, West Coast fisheries policies have favoured fish processors and investors who have increasingly gained control and ownership of fishing licenses and quotas, concentrating access into fewer hands and onto larger vessels. These investors and processors now dominate many fisheries advisory committees, sidelining most fishers and their organizations (FOPO 2019; Bennett et al. 2021). For

¹ Owner-operator means that the owner of the fishing license operates the vessel which fishes that license. This system was introduced in East Coast inshore fisheries in the 1970's and legally required in 2021, and the West Coast sought to follow suit.

instance, processing companies have gained majority ownership and control in salmon and herring landings, allowing them to export raw fish to Asia and the US for processing. As a result, local seafood is not available for local markets, and Canadian jobs have been radically reduced in fishing, fish processing, and throughout the value chain. Finally, corporate and foreign ownership of fishing licenses and quotas has not been tracked by Fisheries and Oceans Canada (DFO) in fishing license applications or transfers, so that actual 'beneficial' ownership of this Canadian resource is not known by the government.

In summary, West Coast fisheries access and decision making have become concentrated into fewer and fewer hands, with fishers, First Nations and other communities marginalized. Failed policies need to be corrected, prioritizing ownership for those who participate, engaging Indigenous and non-Indigenous fishers to inform decision making, limiting corporate and foreign ownership and control, and adding domestic markets to export focused fisheries. This chapter analyzes the history and present status of efforts to move licensing policy in this direction. The first author, an anthropologist specializing in the political ecology of fisheries co-management, has been following these developments for five decades. She has also benefited from her participation in two SSHRC-supported research grants which connected East Coast and West Coast efforts to reform licensing, allowing the latter to learn from successes of the former.² The second author commercial fished on the West Coast for over 20 years, participates in many West Coast fisheries planning and marine planning processes as an industry representative, and has been involved in numerous multi-disciplinary marine fisheries research initiatives locally, nationally and internationally. They are both grateful for the anonymous help and review of this manuscript by other fishers leaders involved in this particular effort.

² Rachid Sumaila's research grant 'OceanCanada' and Ratanna Chuenpagdee's research grant 'Too Big to Ignore: Global Partnership for Small-Scale Fisheries Research'.

A short history of owner-operator policy on the West Coast

³How did the West Coast evolve so far from its almost 90 percent owner-operator situation in the 1960s? At that time, in most rural coastal communities, the majority of households had a fish boat which was used for multiple purposes, such as hand logging, hauling freight, hunting, subsistence fishing, collecting firewood, plants, berries, medicines, and providing transportation to schools, health care, shopping, and events, since many coastal communities were not connected by road. The neoliberal economic thinking which eliminated many small boats and concentrated fishing effort onto fewer larger boats had no grasp of the important and diverse values, both tangible and intangible, that small fishing boats provided to coastal communities (O'Donnell et al. 2014; Bennett et al. 2018; Carruthers et al. 2019). It focused instead on the goal of economic efficiency, defined as maximizing the profits for fewer fishers, usually on larger boats, by reducing what it thought of as too many boats chasing too few fish (Pinkerton & Davis 2015).

The first effort to achieve this goal was the 1969 limited entry Davis Plan, which was also supposed to reduce fishing effort in order to conserve the resource; instead, it increased fishing capacity as well as investment in boats. It redistributed licenses into the presumably more efficient large (seine) boat fleet, whose numbers increased by some 30 percent in the first decade, while the smaller gillnet and troll boat fleet decreased by 25 percent and 14 percent respectively (Hayward 1981). Ironically, many of the smaller boats which lost their licenses through the Davis Plan were arguably not a threat to conservation of the resource, since they each had caught less than CAD 2,500 worth of fish per year (but were automatically disqualified from retaining a license because of this). The failure of the Davis Plan to reduce fishing effort

³ Parts of this section are from Pinkerton, E., M. Allain, D. Edwards, P. Saunders, C. Whitney. 2022. The Impact of quotas on Canada's fisheries and fish harvesters. In Rachid Sumaila, Megan Bailey, Derek Armitage, and William Cheung, eds. *Canada's Oceans: Pathways to Sustainability in a Sea of Change*. UBC Press, in press.

and investment in boats, led to the 1996 Mifflin Plan⁴ which introduced area licensing and radically reduced owner-operators (Haas 2014). Between 1985 and 2015, government restructuring measures reduced the small boat fleet (<65') by some 10,360 vessels, while reducing the large vessel fleet by only 545 vessels (Sutcliffe et al. 2018, p.21). Meanwhile, the failure of these government programs to reduce fishing effort created more space for the ideas of the neoliberal economists who believed complete reliance on the market (rather than government regulations) would deliver an efficient allocation of access, as well as maximize profits for individual fishers. Notably, the concept of protecting access for fishers and coastal communities was not a primary objective in the initial discussions of these neoliberal economists.

These neoliberal economists focused instead on the efficiency of allocating a fixed amount or percentage (quota) of the Total Allowable Catch of a species to an individual fisher, the quota owner, who would then not have to 'race' with other fishers to take his allocation, because his quota gave him a pre-determined access to it. They maintained that if individual quotas were transferable via the market, they would end up in the hands of the most efficient fishers (those who could operate at lowest cost), removing the need for government allocations of access privileges. However, nothing stopped Individual Transferable Quotas (ITQs) from being separated from actual fishers, transforming the permit/quota into a tradable commodity like stocks in a stock market, which can be sold or leased with no restrictions from government policy, and no requirement to inform government of trades and beneficial ownership (i.e., the party that ultimately benefits from the licence or ITQ attached to it). This approach has been critiqued by many economists (e.g., Criddle & Macinko 2000; Copes & Charles 2004; Bromley 2008).

The 1982 Pearse Commission on West Coast Fisheries recommended introducing ITQs in halibut and other fisheries (Pearse 1982). ITQs were put into place in seven British Columbia fisheries between 1989 and 2006

⁴ The Mifflin Plan in 1996 (named for the Fisheries Minister, Fred Mifflin) (a) sought to reduce the size of the fleet through buying back and retiring limited entry licenses, (b) redefined limited entry licenses by area and gear type and (c) allowed license holders to buy and combine the newly redefined licenses.

(Edwards et al. 2006), and DFO has been piloting ITQs in salmon fisheries since 2005, against the wishes of most fishers (Cruikshank 1992; UFAWU 2014), and the advice of the economists of the Organization of Economic Co-operation and Development (OECD 1997). The OECD held that ITQs would only work with demersal fisheries with stable annual populations, but would not work with pelagic fisheries such as salmon with unpredictable and significantly varied annual populations. For example, a fisher leasing salmon quota in advance of the season would have to pay the quota owner for the privilege of catching a quantity of salmon which might not even appear.

Fisheries in the US, Atlantic Canada, and European Union countries did not always embrace the complete marketization (transferability) of ITQs. There were often limits placed on transferability which reduced the worst abuses of leasing (Apostle et al. 1998; McCay 2008; Davis & Korneski 2012). In Newfoundland and Labrador, the Fish Food and Allied Workers Union (FFAW) developed a way of using *non-transferable* individual quotas in halibut to spread out fishing effort and reduce costs, and avoiding the problems of ITQs (Pinkerton et al. 2018). However, McRae and Pearse (2004) argued against any limits on transferability based on the assumption that since ITQs would automatically be bought by the most economically efficient enterprises, this would produce the most efficient use of capital. The underlying assumption that only fishers would be able to trade in quota was inaccurate. It also ignored the reality of unequal access to capital in remote communities and the fishing fleet (Donkersloot R. 2021), and the fact that processors and investors with far greater access to capital through global enterprises could (and did) buy up ITQs and licences (Pinkerton & Edwards 2009).

The 12 percent limit on corporate (non-fisher) ownership of licenses, which the United Fishermen and Allied Workers Union (UFAWU) insisted on bringing in at the time licenses were first limited in the Davis Plan, was policy for over 20 years, but not made a legal requirement, and was quietly abandoned in the early 1990s. Such a 12 percent limit on license ownership by any one party or combination of parties is considered reasonable by economists who write about the dangers of monopoly power in selling and

monopsony or oligopsony power in buying.⁵ The latter refers to the market power of a processor/buyer or group of buyers who agree among themselves to limit what they will pay for a resource such as fish, thus eliminating price competition among themselves. Of course, price competition is widely considered a critical aspect of a healthy economy. Such a limit on license ownership could be re-introduced in order to re-instate price competition for fish. The elimination of any limits on corporate ownership of fishing licenses allowed Jim Pattison Enterprises—which in 1984 had bought what became the last major fish processor, the Canadian Fishing Company—to own 41 percent of all salmon seine licenses and 32 percent of all herring seine licences (Silver & Stoll 2019). (The Canadian Fishing Company, and thus Pattison, also came to fully own another eight processing companies).

Pattison thus exercises considerable market power in the salmon and herring seine fisheries, earlier noted by Haas et al. (2016). In this case, their market power is less about a group of processors agreeing to limit price competition among themselves, and more about direct ownership of production. An earlier study had found that this was the most effective form of controlling the price of raw fish sold to processors (Pinkerton 1987).

In addition, all of these scholars noted that available data did not capture indirect forms of control such as indebtedness and co-venture agreements which required licensees to deliver to a certain processor. This could occur, for example, if a fisher had to borrow from a processor to pay for gear and supplies prior to the fishing season. In a report commissioned by Canada's Department of Fisheries and Oceans and Coast Guard (DFO), consultant Michael Gardner (2021) notes that "*The current opinion among fishermen is that more than 80 per cent of [salmon seine and roe herring] licences are unavailable to independent fishermen.*" Not only was Pattison able to acquire or control the majority of these licenses, requiring them to deliver at his price to his

⁵ The US Securities Exchange Act "requires disclosure of important information by anyone seeking to acquire more than 5 percent of a company's securities by direct purchase or tender offer. Such an offer often is extended in an effort to gain control of the company. As with the proxy rules, this allows shareholders to make informed decisions on these critical corporate events". <http://www.sec.gov/about/laws.shtml>.

fish processing plants, but he was also able to export the raw fish to Asia and the US to be canned or otherwise processed where labour was cheaper, thus exporting coastal community jobs abroad. The former 750 shoreworkers in Prince Rupert (the location of the largest processing plant) were reduced to 20 mostly year-round workers who unloaded and reloaded fish, expanding to 60 in mid-summer (Joy Thorkelson, pers. com. 2022).

Haas et al. (2016) show how such corporate concentration in ownership works against federal objectives for fisheries management in Integrated Fishery Management Plans (IFMPs) processes, such as equitably distributing benefits to adjacent communities and maintaining viable small boat fleets. The persistence of public values about how the economy *ought* to function can play an important role in policy making, as witnessed by the continuing statements of policy goals in IFMPs, and in federal fisheries management objectives more broadly even when the actual policies have different, even opposite, outcomes (Wiber et al. 2010; Pinkerton 2015; Gardner 2021). It was especially the unaffordability of licenses and ITQs which led many young fishers to demand that the Minister, Members of Parliament, and the Parliamentary Standing Committee on Fisheries in 2018 reform Pacific licensing. This resulted in the Standing Committee's study *West Coast Fisheries: Sharing Risks and Benefits* with its unanimous recommendation that BC figure out how to move licenses and quotas to owner-operators (FOPO 2019).

Fisheries managed under Individual Transferable Quotas faced similar but also more complex issues. The halibut fishery, in which licenses were required to have attached ITQs by the early 1990s, provides another good example of the dramatic loss of owner-operator licenses. There were only 15 percent owner-operator licenses left in this fishery by 2016, as corporations and investors bought up ITQs and licenses (Edwards & Pinkerton 2019a) whose combined price had increased 600 percent in just the first 10 years of ITQs in this fishery (Pinkerton 2013). This happened because seafood distributors wanted volume guaranteed which ITQ owners could reliably deliver. ITQs were regularly leased out prior to the season opening at up to 80 percent of the estimated landed value of the catch, making fishing unaffordable for many

(Robertson et al. 2015; Edwards and Pinkerton 2019a). The quota owner and leaser takes no risk if the price drops or if weather hinders fishing or if pinch⁶ species bycatch is high or if electronic monitoring equipment fails. Processors controlled ITQs not principally by ownership but alternatively by brokering ITQ leasing. The processor who brokers a halibut ITQ lease agreement is able to secure the catch of the lessee not by offering a fair price for the fish, but by controlling the leasing arrangement (Edwards & Pinkerton 2019b), which requires that the fish be delivered to the broker (processor).

In 2017 researchers found that corporate ITQ ownership was prevalent in the 345 license and quota holders in the groundfish trawl, halibut and sablefish fisheries, where the top 26, or 7.4 percent, hold 50 percent of the quota value, and the top four, or 1.2 percent, hold 50 percent of all the quota pounds (FOPO 2019, p. 23). In addition, ITQ ownership moved out of adjacent fishing-dependent communities and became concentrated in urban areas, so that while 96 percent of the halibut catch was on the rural north coast and west coast of Vancouver Island in 2002, less than 10 percent of ITQs were owned in those areas (Edwards et al. 2006).

As Don Cruickshank reported: *“By the mid-1990s DFO had abandoned any pretense of social and economic objectives for the fishery beyond economic efficiency and refocused its mandate on resource conservation, irrespective of social, economic or distributional equity considerations.”* (Demont 1998). This occurred even though different social and economic objectives remained in IFMPs such as the ones mentioned by Haas et al. above. Highlighting the lack of government oversight, licences were even used for speculation and money laundering (Meunier 2018, Cullen 2020, p.51).⁷ This led DFO consultant Gardner (2021) to emphasize four major management shortcomings, also noted in the 2019

⁶ A pinch species has a low TAC but is easy to catch, so if harvesters make a poor set they may catch too much of it and not be able to make another trip because they cannot trade for enough of it.

⁷ For instance, one company has been investing in groundfish and now owns 5.9 million pounds of quota. The director of this company is the same overseas investor named in newspaper articles on money laundering through casinos and real estate in Vancouver (FOPO 2019, p. 24).

FOPO report, that the Pacific Region needs to address: lack of transparency of the fisheries management framework, barriers new harvesters face in entering the fisheries, marginal viability of many fishing enterprises, and inequitable sharing of risks and benefits across industry participants.

Thus, in summary, fishing licencing policy on the West Coast was allowing (1) the collapse of the fisheries economy in coastal communities through the reduction of fishing and fish processing jobs held there and their associated infrastructure such as gear and boat maintenance services, (2) the consolidation of ownership, control, and exorbitant rent extraction from fishers by investors and corporations, and (3) the lack of socio-economic information by government, including license beneficial ownership and how it was affecting stated policy goals, and limiting competitive markets. This is the kind of situation which has stimulated the call from fisheries scholars for an expanded management agenda considering the access and benefits for coastal communities, a call identified by the United Nations as key to sustainable development (Parlee et al. 2021).

A possible model? Owner-operator policy on the East Coast

⁸In Atlantic Canada, harvester leadership representing inshore fleets, with strong support from provincial governments and fishery-dependent coastal communities, fought against corporate control of their fisheries. The more participatory fishery model that they were able to put in place in most situations provides guidance for possible West Coast policy direction.

In 1979 Minister Roméo LeBlanc adopted the Fleet Separation policy for the Atlantic inshore fishery: this prohibited fish processing companies from acquiring licenses in fisheries where vessels were under 65 feet (under 90 feet in Newfoundland). By 1989, all four DFO administrative regions in the Atlantic had developed owner-operator policies to accompany Fleet

⁸ This section summarizes some findings from Pinkerton, E., M. Allain, D. Edwards, P. Saunders, C. Whitney. 2022. *ibid.*

Separation. A subsequent reform of DFO's licensing policy in 1995-96 merged these into an Atlantic-wide policy known as the Core Licensing Policy. By the mid-1990s the inshore fleet in Canada's Atlantic fisheries had clear policy protections prohibiting corporate ownership/control and stipulating that the holders of inshore fishing licenses had to be actively participating in their fishing activities. Concerns about ITQs expanding into their fisheries were also dealt with through the 1995 Montreal Round Table, a joint DFO and fishing industry process, which outlined conditions under which ITQs programs could be introduced in the future: they could not confer or take away access to the fishery; they must be supported by a clear majority of license holders in the fishery in question; they must include restrictions on the transferability of licenses to prevent undue accumulation of quota; and they must include an intervenor process for any group of fishers who believed they would be adversely affected by the introduction of ITQs (Senate Standing Committee on Fisheries 1998).

The reaction of corporate interests to these restrictions was to use private contractual arrangements called 'trust agreements', later called 'controlling agreements', whereby *the beneficial interest* in the inshore fishing license was transferred to a third party, as these were not entitled to hold one directly (DFO 2003). These agreements effectively defeated the purpose of both the Fleet Separation and Owner-Operator policies and permitted the kind of accumulation and commodification of licenses and any attached quota which occurred via the unrestricted ITQs in the Pacific. During the 2000-2004 *Atlantic Fishery Policy Review* (AFPR), the Canadian Council of Professional Fish Harvesters (CCPFH), a national educational organization, and other harvester representatives from inshore fleets, drew attention to the growing corporate control over their fisheries. In 2007 they were successful in getting the Federal government to adopt a remedy — the Policy for Preserving the Independence of the Inshore Fleet in Canada's Atlantic Fisheries (PIIFCAF). PIIFCAF required all Atlantic inshore fleet Core Licence holders to declare whether or not they were party to a Controlling Agreement, and were given until 2014 to extricate themselves from the agreement or risk non-renewal of their licences.

In the period leading up to the 2014 deadline for PIIFCAF compliance, the holders of Controlling Agreements not only lobbied to have their agreements grandfathered in but continued acquiring additional Independent Core licences through agreements deemed PIIFCAF-compliant by DFO. Alarmed by these developments and a DFO consultation on management policy launched in early 2012 and perceived as a prelude to the elimination of the PIIFCAF, Owner-Operator and Fleet Separation policies, harvesters across the country created a new national organization — the Canadian Independent Fish Harvesters' Federation (CIFHF) — dedicated exclusively to policy development and advocacy for Canada's community-based owner-operator fisheries. Within months the CIFHF generated motions in support of the Owner-Operator and Fleet Separation policies from four provincial legislatures (NB, NS, QC, PEI⁹) and the Federation of Canadian Municipalities. Tens of thousands of letters went in to the Minister. This broad demonstration of support and unity of purpose, and expert legal clarity toppling internal advice, led the Minister of Fisheries and Oceans to enforce the 2014 PIIFCAF deadline.

However, shortly after the adoption of PIIFCAF, senior policy officials within DFO began to raise doubts privately about the Minister's constitutional authority to adopt management policies unrelated to the conservation of fisheries resources, suggesting that PIIFCAF could not legally regulate private contracts, highlighting the authority under Provincial responsibility in the *1867 Constitution Act* (Senior DFO officials and Ministerial staff, 2010 to 2017, pers. com.). Since the Owner-Operator, Fleet Separation, and PIIFCAF policies were all directed at management's social and economic objectives, these appeared to be at risk. The CIFHF felt obliged to commission an independent legal opinion on the scope of the Minister's authority which it presented to Minister Shea in early 2015. This intervention was thought

⁹ The Newfoundland and Labrador provincial government at the time would not support owner-operator because they were supportive of offshore fishing companies and plants. Provincial governments subsequently supported owner-operator. The provincial Fish Food and Allied Workers Union (FFAW) has been part of the CIFHF from the start and is a leader in support of owner-operator.

to have influenced her subsequent decision to fully enforce PIIFCAF (DFO Ministerial staff, 2016, pers. com.). The doubts within DFO around the constitutional validity of PIIFCAF, however, emboldened those violating the policy. A crab licence issued to Kirby Elson, an inshore fisher from Labrador, declared to be under a Controlling Agreement with two Newfoundland processing firms, remained non-compliant when Elson failed to end the Controlling Agreement by the 2014 PIIFCAF deadline. In early 2016, Elson, having exhausted his rights to administrative appeals of the decisions of two successive Ministers (Shea & Tootoo) not to grant him an exemption to the policy, sought judicial review of the Ministers' decisions in the Federal Court.

The 2017 Federal Court ruling in *Elson v Canada (Attorney General)* (FC-trial), subsequently upheld by the Federal Court of Appeal (FCA) in 2019, confirmed and clarified the broad scope of the Minister's authority to manage fisheries for purposes beyond conservation, to "carry out social, cultural or economic goals or policies" (para. 51, FC-trial). Furthermore, the House of Commons adopted Bill C-68, which amended the *Fisheries Act* to enshrine in legislation the purposes that may be pursued by the Minister including "social, economic and cultural factors in the management of fisheries" (s. 2.5(g)). A further amendment supports PIIFCAF's interdiction of Controlling Agreements, authorizing the Minister to promulgate regulations prohibiting "the transfer of the use and control of rights and privileges" associated with licenses (s. 4(g.01)). In addition, DFO has, for the first time, indicated a willingness to acquiesce to a long-standing request from owner-operator fleets, to bind itself to implement the Fleet Separation, Owner-Operator and PIIFCAF policies through regulatory reform. This reform, which now makes all these policies legally enforceable, came into force in April 2021.¹⁰

¹⁰ But there are still problems, because the huge price of lobster and crab licenses is forcing new owner-operators into dependence on processors (Barnett et al. 2017). Local experts believe that a local management body or a license bank is needed to counter this.

A process underway to implement FOPO recommendations for the West Coast

To what extent might policy and regulatory reform on the East Coast be useful to the West Coast? DFO first responded to the 2019 FOPO recommendations for the Pacific inshore fleet by indicating that not all recommendations were within their jurisdiction, and enlisting DFO consultant Gardner to respond to recommendation 6: that DFO develop a comparative analysis of the East Coast and West Coast fisheries in regard to regulations. DFO also got Beyond Basics Consulting to inform them on part of recommendation 15: the feasibility of a license and quota registry.

Gardner's report, made public in March 2021, contained strong language about the inadequacy and unacceptability of the status quo. One example of this language is as follows:

“Though it does not intend to do so, the regulatory framework (tradable quotas) aimed at promoting fleet rationalization in fisheries with excess harvesting capacity also facilitates the drain of revenue from active fishers, resulting in the concentration of benefits in a rentier class of quota investors. This would appear to be at odds with how the benefits of the privilege embodied in the fishing licence were originally intended to flow; <https://www.pac.dfo-mpo.gc.ca/consultation/fm-gp/socio-econ/docs/gp-report-rapport-eng.html>) it is also at odds with current Pacific fisheries objectives including promoting the stability and economic viability of fishing operations and encouraging the equitable distribution of benefits. The fishery as a source of direct and indirect employment and income is vital to community economic stability. Owner-operator and fleet separation are key policies for maintaining a viable fishery, and hence key to community stability.” Gardner was also critical of DFO's slowness in enforcing PIIFCAF in the Atlantic.

By July 2021 DFO had convened an ad hoc committee to discuss how to implement the 2019 FOPO recommendations. The committee was composed of participants from fishers' organizations who had actively sought changes through a review process which had helped lead to the FOPO review, along with those heavily vested in the current structures, including representatives from processors, who had not sought a review but were

given a space to present to FOPO. In addition, there were DFO participants from various Pacific Region divisions and Ottawa Headquarters. As not all the recommendations were within DFO's jurisdiction, some being within provincial jurisdiction, their representatives were invited to subsequent meetings. Given that the industry representatives had polar views on the FOPO recommendations, DFO spent much time seeking areas of agreement and common interest. This ad hoc process was not resourced to deal with the complex issues associated with licensing policy reform. DFO is devising a broader engagement plan to include broader interests in implementing FOPO.

There may be hope for agreement on at least some issues, based on the work of an industry working group initiated in 2018 to interest DFO in regulating a "*shared risks and benefits*" arrangement. There is likewise interest in the 2021 voluntary owner-operator (OO) designation proposal from the UFAWU. The UFAWU proposal is to add a new OO designation to all licence types, when the license owner so desires. Once a licence is designated OO, it can then only be owned by and sold to a bona fide fisher. There would be incentives associated with the designation, such as allowing married licences¹¹ to be separated, and creating a loan program to support new entrants purchasing OO licenses. The proposal is being discussed by fishers, relevant governments and their agencies.

The shared risks and benefits proposal to DFO recognized some of the problems that unregulated quota lease fees were creating, and the negative impacts this was having on the fishery: vessel owners stuck leasing quota were not getting enough revenue to properly maintain their vessels; crew and skippers were no longer making a living in the industry, and new entrants were not sticking around because the low after-lease incomes could not compete with other employment opportunities. Investors and corporate owners realized that if the present unregulated lease arrangements

¹¹ Once married, all licences must move together when sold or to a replacement vessel. Further, one cannot fish multiple licenses at the same time, so it reduces the licence value and reduces effort in these fisheries.

remained in place, any fishing enterprise that was built on leasing quota would eventually be bankrupted.

DFO rejected outright the shared risks and benefits proposal for legal jurisdictional reasons that they would not explain. Nevertheless there was enough agreement inside industry that if something was not done to reverse this situation that the future of the entire industry would be weakened and that a shared risks and benefits arrangement, although not dealing with all the issues surrounding licenses and quota, would be a step towards a more viable fishing fleet. A hybrid of this proposal has been formally adopted in sablefish, and is being considered in other fisheries, notably halibut. ITQ holders began taking on some of the risk, basing the final lease price on a down payment and a percentage of the actual landed value. The critical question, of course, is how far such a reform would go in allowing skippers and deckhands to make a viable livelihood and advance in the industry (e.g., could deckhands become skippers and independent vessel and license owners). If the reform only allowed their bare survival through merely lessening the degree of exploitation, it would not be a viable reform.

Although this type of agreement does not address all the FOPO recommendations, it could be a step toward reducing some of the biggest problems. Some possible avenues for doing this were mentioned in Section 3 above and are discussed elsewhere (e.g., FOPO 2019; Pinkerton et al. 2022).

Conclusions

This chapter considered the challenges facing fishing licensing policy on the West Coast which was allowing (1) the collapse of the fisheries economy in coastal communities, including the reduction of fishing, fish processing, and related jobs, (2) investors and corporations to continue to consolidate ownership, control, and exorbitant rent extraction from fishers, and (3) government to lack socio-economic information, including license beneficial ownership and how it was affecting stated policy goals, and limiting competitive markets. There is now wider recognition of broad problems emerging from these failed policies, and some possibility of agreement on some solutions. A possible

beginning of reform lies in how DFO deals with proposed sharing of risks and benefits and the various studies intended to help implement the FOPO recommendations to help move toward an independent inshore fleet. As the Gardner Report points out, DFO typically ‘turns a blind eye’ to tough social objectives rather than correcting its policy failures.

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