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**A Review and Appraisal of the
Salmon Licence Control Program
in British Columbia**

SECTION I

*An Historical Review of
Developments in Salmon Licencing
Up Until 1968*

Blake A. Campbell
Economic Consultant — Fisheries
Vancouver, B.C.

October, 1973

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A REVIEW AND APPRAISAL OF THE
SALMON LICENCE CONTROL PROGRAM
IN BRITISH COLUMBIA

SECTION I

AN HISTORICAL REVIEW OF DEVELOPMENTS
IN SALMON LICENCING UP UNTIL 1968

Blake A. Campbell,
Economic Consultant - Fisheries,
Vancouver, B. C.

October, 1973

This Is The First Section Of A Report Prepared For
The Fisheries And Marine Service, Department Of The
Environment, Ottawa, Ontario.

I N D E X

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CHAPTER 1

A BACKGROUND REVIEW OF REGULATORY PROGRAMS AFFECTING LICENCING IN THE SALMON INDUSTRY OF BRITISH COLUMBIA - 1880 - 1957

Introduction

The history of fishing in the Province of British Columbia stretches back into time by a great deal more than that of the province itself. For hundreds of years, native coastal Indians relied on the migratory salmon both for food and for customs. The annual provision of bountiful supplies of food that were easy to capture from river banks was reason for ceremonies and thanksgiving.

The reliance of the coastal Indian on salmon, and to some extent that people's *raison d'etre* is well documented and is in the process of becoming folklore as an awareness of a simpler life is evident in urban populations.^{1/}

There is, however, little of folklore in the modern history of the commercial fishing industry in British Columbia. The modern era may truly be said to have begun barely one hundred years ago, when, in 1870 salmon was first commercially canned on the banks of the lower Fraser River. The value of the Pacific salmon which spawn in the waters of British Columbia was evident to the earliest white settlers, but not until the process

^{1/} See for example Hugh W. McKervill. *The Salmon People*. Gray's Publishing Ltd., Sydney, B. C., 1967.

of canning the fish became feasible could an industry be born. The market possibilities presented by the canning of salmon, especially the sockeye salmon with its bright red meat and high oil content, was soon realized and the cannery became an institution of great importance to the early settlers in a very short time.

In 1870, the Fraser River boasted one commercial cannery, the only one on Canada's West Coast, although a cannery had operated from 1864 to 1866 on the Sacramento River in California and from 1866 on the Columbia River in Washington State.

By 1881, eight canneries operated on the Fraser, two on the Skeena River, one on the Naas River, and another in the Alert Bay area. By the turn of the century, Rivers and Smith Inlets had canneries on their shores. The actual number of canneries that operated at one time or another in B. C. totalled about 125, although the peak number to operate in any one year was 94 in 1917.

It was the rapid over-expansion of the localized salmon cannery industry that was responsible for many of the problems that were to be faced by the industry after 1900.

There is no question that the salmon industry was dominated by the canneries in the early part of the century. Before investing money in canneries, the owners had to be assured of a supply of salmon and this was only possible if they controlled the boats and the licences that went with them.

During the period 1880 to 1925 there were many different measures adopted to control fishing effort and fishing licences.

Initially the pressure for restricting the number of fishing vessels came from the government that was charged with conservation of

salmon runs. Later it became apparent the limitation of licences was imposed partly for conservation purposes and partly to ensure a healthy canning industry.

A review of developments during the latter part of the 19th and early part of this century is of interest when reviewed in the latest regulations to control salmon fishing licences.

Over-capitalization in the salmon industry in terms of vessels and gear is regarded in many quarters as a recent phenomena. Such is not the case--the problem of earlier times is similar to that which exists today.

Need For Limitation Of Salmon Gear For Conservation

The danger of overfishing, particularly on the Fraser River, because of excess gear, was the subject of some controversy in the late 1880's as proponents of restrictive measures in the fishery pointed to the demise of salmon production in the Sacramento and Columbia Rivers abstentiously the result of over-exploitation.

Two Fraser River guardians, in their annual reports to the Commissioner of Fisheries in 1887, were aware of the problem. Guardian Chas. F. Green observed that as many as 250 boats were fishing in Canoe Pass (on the lower Fraser River) and went on to suggest, "as a partial remedy that in future only a limited number of licences be issued and that no cannery be allowed more than 40 boats, contract or otherwise, which would materially tend to diminish the number of boats in my district."^{1/} In the same year Guardian John Buie wrote:

^{1/} Page 256. Report of the Fisheries of Canada for Year Ending 1887. Queen's Printer and Controller of Stationery - 1888.

".....in my opinion it is about time that some limit should be placed on the number of nets allowed on this river and I think the Fisheries Department cannot too soon take this matter into serious consideration." 1/

In 1890 the Dominion Government issued an Order-in-Council, dated March 14, which limited the number of boats licenced to fish with drift nets on the Fraser River to 500, 350 to the canneries and 150 to "outside" fishermen, and regulating the fees to be paid on each licence.

Thus the principle of limiting the number of boats licenced to fish was established before the turn of the century. Indeed, in those times the Minister of Marine and Fisheries of the Government of Canada held the power to determine the number of boats, seines or nets to be used on each stream.

While the Dominion Government was charged with jurisdiction over the fisheries of the province, the Provincial Government at the turn of the century were apparently not prepared to leave the future of the salmon industry in the hands of the senior government. This dual interest in the salmon fishery was particularly evident during the period between 1901 and was not resolved until 1915.

Limitation Of Motorized Salmon Vessels To Protect Indian Fishermen

The salmon fishing fleets of this early period were primarily gillnets and up until 1924 no motorized vessels were allowed north of Cape Caution. It is significant that even at this time this regulation

1/ Ibid. Page 257.

was not imposed for conservation reasons but to ensure that Indian fishermen would remain competitive.

Both Federal and Provincial Governments Claim Jurisdiction

Prior to 1908 there was no law, either Provincial or Federal, that prevented any person from conducting or carrying out a fishing operation. In that year both governments, however, took action to prevent the salmon resource from being over-exploited.

The 1907 report of the Commissioner of Fisheries for British Columbia, in referring to the northern salmon fisheries, made note of the fact that since the 1904 agreement between the Federal and Provincial Governments had expired "there has been in the last two or three years a considerable increase in the number of boats engaged in the fisheries."

The report continued:

".....there is danger, from the constantly increasing efforts to catch the fish, that a condition similar to that which now exists upon the Fraser River may be created.

Both the canners and the Inspector of Fisheries of the northern district appreciate this, and, very wisely, in my judgment, are advocating that the Government should not permit the industry to be further prosecuted under present conditions; and also, in consequence of the increase in the number of canneries and boats engaged in the fishery, that no additional canneries should be permitted to be constructed in the North, and that a limit be placed upon the number of boats which the existing canneries should be permitted to operate."

In 1908 the Dominion Government passed the "Dominion Fishery Regulations" which required that a licence had to be obtained before any person could conduct a cannery operation. At the same time the Dominion Government announced that no new salmon cannery licences would be issued for Northern British Columbia.

The Provincial Government was also concerned with the situation and the same year passed the "Cannery Revenue Act" which would have been used to accomplish the same purpose outlined in the Dominion regulations had not the Federal Government taken action.

Boat Allocation System Introduced In Northern Areas

The established salmon canneries of the northern areas were also so concerned about the increased expansion of the industry (and the possibility of increased competition) that they agreed that a boat allotment system should be implemented.

Under this system the canners themselves appointed a committee of three to arrange for boat ratings or allocation system for the Skeena and Rivers Inlet areas. This was done:

"in the interest of equitable division of the available catch in order to avoid wasteful competition for raw fish." 1/

The basis of the allocation of boats for each cannery took into consideration the former pack production of each company, the floor area and the equipment in the plant. Under this allotment plan a total of 850 boats would be allowed to fish in the Skeena and 750 boats in Rivers Inlet.

The allocation was intended to be in force for one season only but apparently was found the first year to be so practical that it was

1/ Salmon - Our Heritage - Cicely Lyons - Mitchell Press, Vancouver, 1969. Copyright British Columbia Packers.

continued in 1909.

The boat allotment system that had been successful in 1908, however, apparently met with criticism during the 1909 season and as a result could not be maintained on a voluntary basis. The Provincial Government, through its Deputy Commissioner of Fisheries, J. P. Babcock, then undertook the responsibility for making the allotment for 1910 and at the same time agreed to chair a two-man Dominion/Provincial Commission on Boat Rating.

The Commission report, known as the "Babcock Report" was submitted by the end of 1910 and included the following recommendations:

- (1) Specified the number of vessels for each cannery in the Skeena and Rivers Inlet areas;
- (2) Divided the Naas boats equally among the four established canneries;
- (3) Outlined a specific number of vessels for other canneries in the northern areas.

The report also recommended that these ratings should cover a period of not less than five years.

It is also of interest to note that this Commission also dealt with seine gear. In its recommendation covering the Lowe Inlet fishery and fishing grounds it stated:

"The spawning grounds do not warrant the use of more than 13 seines which is the number of seines presently operating by this cannery."
(Lowe Inlet Cannery.)

and further dealing with Namu and Smith Inlet each cannery was awarded:

1 purse seine
8 drag seines
25 gillnets

The Provincial Fisheries Department in the 1911 Annual Report praised the Commission's work by saying:

"The principle of boat-rating, first essayed by the Province for the year 1910, was adopted during the past year by the Dominion Department..... Accepted and enforced by both authorities, it proved eminently workable, and, has, it is believed, resulted in the solution of a problem which has wrecked many of the salmon fisheries of the Pacific Coast and has constantly threatened all."

Salmon Licences Issued To Encourage Settlement

In 1912 W. F. Ford, Superintendent of Fisheries for Canada and D. V. McIntyre and Chief Inspector Cunningham of the Provincial Government, inspected various fishing communities along the coast. Their recommendation was a turning point in the licencing of salmon boats in that licences were to be issued for other than conservation reasons. They recommended:

"With the increased settlement of the northern coast, which has proved rapid during the past two years, however, it was felt that exceptional privileges should be granted white fishermen who might be induced to settle in the district. While the Departments were reluctant to change the rating, it was with the hope of stimulating such settlement that the officials of both were deputed to investigate conditions. Messrs. Ford and McIntyre recommended that in each year a certain proportion of licences in each area be reserved for independent white fishermen, these licences carrying with them the right to dispose

of the fish where and to whom the licensee desired, the proportion of licences so assigned to gradually increase in recurring years." 1/

At about the same time this was written a new cannery was being built on the Queen Charlotte Islands and in 1912 was given a licence by both the Dominion and Provincial Governments. The licence was granted on condition that only Canadian or European fishermen should be employed and in this way settlement of the area extended.

Federal Government Given Responsibility

In 1915 the question of jurisdiction over the fisheries was resolved by a Privy Council decision. The decision stated that the province could not encroach on the exclusive privilege of the Dominion Government to make restrictions or limitations by which public rights of fishing were controlled. With this authority the Dominion Government issued a new cannery licence for the northern area in 1915 and allotted 30 vessels from the total northern fleet to the new cannery. These boats were to be operated by Indian fishermen. The established canneries objected to this action and late in the 1915 season the licence privileges were returned to the original company from which they had been allocated.

With the outbreak of war in 1914 the Department of Marine and Fisheries had become a part of the Department of Naval Services and remained under this department until 1920 when it regained its former status.

1/ Page 7 - Report of the Commissioner of Fisheries for British Columbia, 1912.

During the war years a number of new cannery licences were issued but it is apparent that even during this period the Dominion Government was concerned over the monopoly problem.

Miss Cicely Lyons in her book, "Salmon - Our Heritage" discusses in some detail ^{1/} the attempt by "The British Columbia Packers Association" to obtain a licence for a new cannery and how they was turned down because the Government decided that the company applying for the licence was too big and a monopoly could result if the licence were granted.

Influx Of Japanese Fishermen Required To Combat Labour Shortage

During the war years canneries found it difficult to obtain labour not only for their cannery plants, but also to man the gillnet boats. Because of the high demand for canned salmon for food purposes during this period, Japanese were recruited into the primary fishing industry.

Restriction On Salmon Canneries Lifted

Established processing companies were increasingly concerned about the number of new cannery licences being issued by the Federal Government, particularly when it was announced that all restrictions on the number of salmon canneries would be abolished in 1918. At the same time the Dominion Government also announced that it was rescinding the prohibition on motorized vessels in the northern areas of the province.

^{1/} Page 311 - "Salmon - Our Heritage" - Cicely Lyons - Copyright British Columbia Packers, 1969.

Industry representatives immediately made representation to Ottawa asking that a Royal Commission investigate all the problems of the B. C. salmon fishing industry.

Sandford Evans Commission

The government agreed to appoint a Royal Commission under the chairmanship of W. Sandford Evans, Economist and Statistician from Winnipeg. The industry, however, were disappointed that its terms of reference restricted its investigations to the northern area of the province.

The Commission, however, carried out its review of the industry and in its report defined for the first time a public policy for fisheries in the following terms:

"It is a clear public duty not merely to conserve the supply of salmon in its present proportion, but to increase it until each year it reaches the economic maximum and it appears to us equally clear that all the conditions surrounding the industry should as far as possible be stabilized and the excessive use of capital and labour obviated or prevented.... The solution of this problem would not seem to be found in encouraging or permitting the employment of more capital or more labour that can efficiently perform the work. The public interest can be served in other ways. The privilege engaged by those who fish in tidal waters is not only fundamentally a public right but the public stand related to the industry as taxpayers and consumers. If the cost of production becomes too great all hope of advantage to the public as consumers will disappear." 1/

In recommending further limitation in the cannery industry the Commission stated that they do so "upon the condition that excess profits, if any, shall go to the public and that exploitation in fact

1/

Underlinings are those of the author of this report.

as well as motive shall be eliminated from the industry."^{1/}

These points that were raised by Sandford Evans in 1917 were virtually ignored. It was not until the 1950's that they were re-enunciated and accepted as desirable goals.

The Commission's recommendations were presented to the government early in 1918. Those dealing with licencing were as follows:

- (1) That the number of cannery licences not be increased for a period of at least five years;
- (2) That the prohibition of motor boats in the gillnet fishery of District 2 be continued for a period of five years;
- (3) That no increase in the number of boats be allowed. If motor boats were to be allowed there should be a material reduction in the number of boats;
- (4) That only one form of salmon gillnet licence be issued and that competence of a fisherman should be established as a qualification for a licence;
- (5) That these recommendations should not be put into effect until 1919.

Under the system of licencing then, in effect, a licence was granted to a fisherman to be attached to a specific cannery. Under the suggested

^{1/} As quoted on Page 17 - Report of Commission of Fisheries of B. C., 1917.

system there would be no cannery specified but a fisherman applying for a licence would have to go before a Board to establish his competency. The Commission recognized that it would require some time for canneries to make an adjustment and therefore the implementation of this recommendation was to be deferred for one year.

Commission Recommendation Not Acceptable To Government

The Dominion Government did not accept the recommendation of the Sandford Evans Commission although in anticipation of the recommendations being adopted the Department of Fisheries had increased salmon licence fees very drastically in 1919.

In addition to licence fee increases, which had been raised to \$10 for a gillnet and \$500 for a trap net, a cannery tax of three cents to four cents per case was imposed on all salmon canned.

Veterans Return To Industry

With the cessation of World War I hostilities a B. C. Legislative Committee looked into the opportunity in the fishing industry for work for returned soldiers. It was recognized by the Committee that employment opportunities in the salmon industry were limited but that trawling could be expanded.

Despite this provincial report the Dominion Government did encourage returned soldiers to engage in salmon fishing by granting licences wherever practical to any veteran who applied.

Commissioner Sloan Advocates Public Takeover Of Industry

In 1919, the Commissioner of Fisheries for B. C., William Sloan, submitted a memorandum to C. C. Ballantyne of the Dominion Government setting forth his views on salmon fishing regulations in the Province. He advocated that the Government take over all fish processing facilities in B. C. and his philosophy was of particular interest in 1973 when examined in the light of the platform of the New Democratic Government in British Columbia:

"It is time that the Government stepped in to seriously protect the fish, eliminate all useless competition, overequipment, and waste to the end that the people may be able to obtain at a fair price the natural food products of the Province.

Instead of licencing existing and new companies and individuals to take and handle our salmon fisheries the government should take them over and handle them. By so doing the fish will be given protection. There will be a radical reduction in equipment and consequent reduction in overhead expenses that will materially reduce the retail price of both fresh and canned salmon.....It is a business that will pay dividends in greater supply of fish and at a cheaper price not only to the people of today but our people who are to come after. Government control and operation in my opinion is the solution to the great economic question." 1/

Other parts of this submission included the following statement:

"At the same time the Government being serious in its desire to help returned men, can do so by taking control of the salmon fisheries and installing returned men to operate them.....

The existing operating companies in salmon fisheries have no operating rights beyond that granted them from year to year.....the Government should assume the sole control of the entire fishing industry even though that may mean compensation where it can be shown compensation is due.....

The Government can, by combining its efforts reduce overhead expenses by several hundred percent. It can consequently sell cheaper. It can put up as good, if not better, and more uniform pack. Being a government guaranteed product it will be in greater foreign demand.

The fish in B. C. belong to the people of Canada. They constitute one of our greatest natural assets. When our minerals and our timber are drawn upon they are lessened to that extent.....Our fisheries will last for as long as they are properly handled.....

The Privy Council decided that the right to administer the fisheries of this province rested with the Dominion and that the right to fish was a public right subject to regulations by the Dominion. Provided the Dominion Government is not prepared to accept the policy here advocated in operating our fisheries I maintain that the province should surrender its right to British Columbia.

We are facing rapidly changing conditions and the time is opportune to assure the conservation of the Pacific Coast Fisheries for the present and future benefit of the whole people of Canada rather than sacrifice this great Provincial and national asset to satisfy the shortsighted greed of a small minority." 1/

The theories advocated by Commissioner Sloan would not stand up in practise. He did not take into consideration that prices of fish on the domestic market, unless imports and exports are prohibited, are

1/ Pages 70 - 71 - Report of Commissioner of Fisheries for B. C., 1919.

determined by the world market price and supply situation. In a country where all labour and capital and consumer goods were regulated his submission would be more appropriate and it is surprising that his submission, which he admitted was personal, would be accepted as part of the policy of the Provincial Government of that day. At any rate his views were unacceptable to the Dominion Government and no change in policy resulted.

Exclusive Salmon Fishing Right Discontinued

The early 1920's saw the end of exclusive fishing in certain districts of the province. Such licences that became due in 1921 were not renewed and the whole system was formally abolished in 1922.

This was also a period of adjustment following the war and because of the economic uncertainty brought in by continual licencing regulation changes, the industry asked for and were successful in having the Dominion Government appoint another Royal Commission.

Duff Commission

This Commission was appointed in 1922 under the chairmanship of Wm. Duff, M.P. for Lunenburg, N. S.^{1/} Its purpose was to investigate the fisheries of B. C. generally but the members of the Commission considered the following three questions of outstanding importance:

^{1/} Members: C. H. Dickie, W. G. McQuarrie, L. H. Martell, A. W. Neil, A. Stork.

- (1) the prohibition of gasoline vessels in the salmon gillnet fishing in District 2 (Northern Area);
- (2) the squeezing of the white men out of the fishing end of the industry as a result of too many licences for orientals;
- (3) the depleted condition of the Fraser River as far as sockeye was concerned.

The first and second questions dealt with by the Commission were specifically directed to limitation and had economic and social ramifications. On these matters the Commission recommended:

- (1) that motor vessels be permitted for gillnetting in District 2 (Northern Districts) in 1924;
- (2) that there be a 40 percent reduction in the number of fishing licences (except troll licences) issued to other than caucasians and Indian fishermen (C. H. Dickie, a member of the Commission, submitted a minority report recommending a maximum of 25 percent in 1923).

The Dominion Government immediately took action on the first two recommendations and the percentage reduction in the number of licences for oriental fishermen was applied in 1923, while motor vessels were allowed in the gillnet fishery in 1924.

A further recommendation of the Duff Commission was that licence fees that had been raised in 1919 should be reduced and this recommendation was also implemented in 1923.

Competition In Salmon Industry Accelerates

The removal of the restrictions on new salmon canneries in the mid-1920's saw an intensification of competition in the industry which was to result in financial disaster in 1927.

By this time both fishermen and companies were recognizing that these losses might have been avoided had there been less duplication of effort. Attempts were made within the industry to curtail fishing effort and gear and duplicate long distance packing. No plan was agreed to and efforts to reach a settlement were abandoned.

Industry Requests Federal Government's Assistance To Reduce Competition

Once again a joint industry deputation met with Ottawa officials to see if some solution could be found to the problem. The following proposals were made:

- (1) that the Coast be divided into fishing areas in such proportion as to support canning plants in each area;
- (2) that the maximum amount of gear to be fished in each area would be stated in regulations;
- (3) that all salmon, except troll caught or fish for export be processed in the area where it was caught.

At this stage the Department would not take any action because a further matter of Dominion/Provincial jurisdiction relating to fisheries was being appealed to the Supreme Court of Canada. It was agreed that

the Deputy Minister, W. A. Found, would visit British Columbia and meet with different segments of the industry in an attempt to reach a compromise.

The outcome of these meetings indicated that there was not general support for the proposals that had been discussed in Ottawa and therefore the industry was left to find its own solutions to the economic problems that they faced.

Provincial Government Asked To Intervene

In 1930, the canners sent a brief to the Commissioner of Fisheries for the Province of British Columbia, some of which read:

"It is obvious that the fishermen and canners are dependent upon each other for their prosperity, as an adequate return on their labour in the case of fishermen or on the investment to the canners is essential to both.

.....Although the Federal Government limits the number of fish to be taken each season, adjusting the quantity by closed periods, their present policy is nevertheless to issue an unlimited number of fishing licences to all qualified applicants. So long as that policy remains in force it will be difficult, if not impossible, to limit the number fishing in each area to the figure set for conservation, and consequently additional closed periods are imposed.

The canners are of the opinion that there are already too many plants in existence and the only way in which the present state of affairs can be remedied for the benefit of canners and fishermen alike is to limit the number of canneries as well as the amount of equipment to be used. This policy is not new but is the original method of control in force prior to 1912 and is very strongly recommended by each of four special Fisheries Commissions between 1905 and 1917.

Since the Federal Policy of 1912 of issuing an unlimited number of cannery licences and the

policy of 1920 of an unlimited number of fishing licences, there has been a gradual increase of both, culminating in the disaster of 1927 when the industry lost in the neighbourhood of \$2 M. due to intensive, unprofitable and reckless competition.

It may be said that the canners are themselves to blame for such a deplorable situation, but in fact they are helpless under such conditions. That situation was forced upon them by the inevitable outcome of the above mentioned policy of permitting an unlimited number of licences for both plants and fishing.

In conclusion, we would strongly urge that your government, in the light of the facts presented in the foregoing, should adopt the policy urgently recommended by four Fisheries Commissions, by the late Commissioner of Fisheries, and which at a time when the need was not so imperative as at present, had the unanimous support of Canners, Fishermen, Banks, Merchants, Board of Trade and Returned Soldiers Organizations. Namely; That the number of cannery licences should be limited."

The Great Depression, and industry rationalization both pre and post-war caused the number of canneries to decline, as the processing sector of the industry began to develop along the lines which brought it to its current status. Thus, what may be termed the "era of commissions" drew to a close.

Indeed, other than a commission set up to investigate the trap-net and purse-seine fisheries in 1939 (Sloan Commission), few references to the limitation of licences can be found in government reports until the 1950's.

United Fishermen And Allied Workers' Union Request Licence Control

Nevertheless, the question of licence limitation continued to be discussed in other sectors of the fishing industry. At the 1948 Convention of the United Fishermen and Allied Workers' Union (hereinafter

referred to as U.F.A.W.U.) the following resolution was adopted:

"Whereas our Union is on record as favouring a system of licence limitation for each branch of fishing, geared to the conservation needs of the branch, and the provision of a decent livelihood for the consistent and regular commercial producers.

Be it finally resolved that we continue to press for the formulation and enactment of practical plans of licence limitation based upon conditions in each fishery."

The resolution is an important one since it revived demands that bona fide commercial fishermen be able to obtain a "decent livelihood" from their labours, a principle which had lain dormant since its mention in the report of the Sandford Evans Commission. Its specification of bona fide commercial producers was to become a major point of dispute in later years, but by this resolution, the U.F.A.W.U. made it clear that fishermen's incomes, as much as the well-being of the fish that produced them, should be a concern of government.

Government Attitude Expressed By The Hon. James Sinclair

At subsequent conventions the Union continued to press for action on licence control, particularly in the salmon industry and as a result of this and other pressures the Hon. James Sinclair, Minister of Fisheries, in 1954 made the following statement in Parliament:

".....Out on the west coast we have an entirely different problem in conservation. We can pride ourselves that, over the years, the Department of Fisheries have done a good job on these fisheries in Canada. We have three main species out there, namely, salmon, halibut and herring. All of them are what we call controlled fisheries. They are under complete scientific control. We have done enough work on them to know exactly how much we

must allow to go upstream to spawn in the case of salmon, to spawn in bays in the case of herring and to spawn on the banks in the case of halibut. More and more fishermen have been getting into the fishing industry on the west coast using better and better gear, bigger boats, better nets - nylon nets - and better and better electronic gear in order to find the fish faster. The trouble is that there are still only so many fish. We have more and more fishermen using bigger and bigger gear and only the same number of fish. What happens there is easy to understand. The annual catch per fisherman goes down. In order to survive he tries to catch a higher price per unit of fish. Fish in the end have got to compete with farm products, so that there is no easy solution by driving up the price of salmon, halibut or herring.

We are therefore faced with trying to obtain a controlled fishery and control over the fishing operations. There are four ways that can be done. The first and most obvious is licence limitation. We have a limited fishery. We should limit the licences. Today the only limit is that the holder of the licence must be a British Subject. This year we are going to change that to a Canadian citizen. Then British Subjects who are not yet Canadian citizens will be unable to get a fishing licence. But that is only scratching the problem. Licence limitation means that we will quickly get rid of two groups who are nuisances. One is the sports fisherman in British Columbia who takes out a commercial licence in order to get by the catch limit. The catch limit is six. He can catch 300 or 400 with a commercial licence. The other one is the part-time fisherman who at the time of the big run on the Fraser River gets a boat, a couple of hundred feet of net, goes down there and gets a good share of the fish which properly belong to the man who fishes the year round and the years round.

The objection to licence limitation is that those who have a licence are in preferred positions. The licences which cost only a dollar become things of value.....This year we are going to make a thorough study of the situation."

Report Of Royal Commission On Canada's Economic Prospects

In September, 1956, the Royal Commission on Canada's Economic Prospects published its report on the "Commercial Fisheries of Canada." The Commission did not make a special treatment of licence limitation, but in a study of the history of that particular issue, the report provided a useful point from which to take stock.

The Royal Commission Report suggests that:

".....a continued substitution of capital for labour in the primary industry can be expected as the labour force continues to be drawn out of fisheries into more remunerative employment. Thus the remaining fishermen, by using more capital with their labour, may improve their productivity and income.....Incomes in many fisheries, such as the Pacific salmon fishery, are likely to remain high."

Nevertheless, despite this statement, the Commission also recognized that the isolated communities of the B. C. coast offered little in the way of alternative employment. It did not appear to realize that capital augmentation, by way of the addition of electronics, more and faster vessels and more effective gear, would not be attained as substitution for labour. Thus the problem of increasing incomes to fishermen was not fully discussed by the Royal Commission, since its arguments depended on an assumption of a decreasing demand for labour. In B. C. at least, this was unlikely to occur while entry to the fishery was unrestricted.

Attitude Of The Prince Rupert Fishermen's Co-Operative Association On
Licence Control

In concluding a chapter on the long period to 1955, it would be a serious omission not to mention the position taken by the Prince Rupert

Fishermen's Co-Operative Association (hereinafter P.R.F.C.A.). Like the U.F.A.W.U., the P.R.F.C.A. was aware of the problems that the industry was encountering in the early 1950's. The following extract from the P.R.F.C.A. Director's Report of 1953 states that position which the 1954 report reiterated:

"We would suggest that there are certain major ills in the B. C. fishing industry which are a problem to all engaged in it. At least two of these are:

- (1) The tremendous capital investment compared to its use.
- (2) Deterioration in quality of products.

Wherever we look in the B. C. fishing industry, we find plants and fishing equipment which are used for only a part of the year. This represents a large amount of capital lying idle for the major portion of the year. Easier marketing conditions of the past few years, and the terrific competition in the catching of fish has led to a deterioration in the general quality of many of our fish products.

Close cooperation between fishermen, industry and government is necessary to find a solution. We feel that the Federal Government must realize the urgency of exploring new bodies of commercially useful fish in order to round out our fishing operations; to consider saner, improved fish regulations to improve the landed product, and to provide temporary assistance to fishermen who feel the full effect of the downward trend in our economy. We fully concur in the government's attempts to institute a system of quality control and can only press for even speedier action in this regard."

The question of product quality and the role of government was to become another major bone of contention in the discussions which took place between government and industry in the 1960's.

CHAPTER 2

THE EVOLUTION AND RATIONALE OF NEW ECONOMIC CONCEPTS FOR SALMON FISHERIES MANAGEMENT

Introduction

For most of the past 40 years at least the number of vessels operating in the commercial fisheries of British Columbia has been more than has been needed to harvest available salmon stocks. Each year the fisheries arm of the Federal Government has had to apply stringent regulations on the salmon fishing fleet in order to ensure adequate spawning escapement to the different rivers and streams in the province. As the salmon fleet and gear became increasingly more effective the Federal fisheries agency found it necessary to use restrictive measures that not only curtailed the fishing effort, but also curtailed fishing efficiency. In most cases the regulations were implemented to ensure adequate spawning escapement. Associated with this type of regulations were many designed to ensure that certain groups or types of fishermen were able to fish those stocks of salmon that had come to be regarded, on a historic basis, as belonging to a particular segment of the fishing community. This type of regulation was adopted for other than conservation reasons and was prompted in most cases by social or political needs.

The need for some form of economic control measures in the B. C. salmon industry has been discussed almost since the turn of the century. As has been seen in the first chapter there were several occasions during this period when salmon licences were actually limited but none of these programs were continued long enough for the results of such actions to be assessed.

It has already been noted that as early as 1918, Economist Sandford Evans recognized the need for a 'proper objective in the field of salmon management' that took into consideration the efficient employment of capital and labour in the harvesting of the salmon resource. Mr. Evans was far ahead of his time and it was not until the 1950's that a new era of natural resource economists advocated an economic approach to fisheries management rather than a pure biological approach.

At this time fisheries administrators were guided by the Fisheries Act and Regulations that required them to take into consideration obtaining a maximum sustainable yield of salmon. It has already been indicated that it was not always possible to ignore the social and political aspects in making decisions. In more recent years those persons responsible for formulating regulations also found that consciously or unconsciously they were making decisions based on economic considerations as well as on biological needs.

The request by the U.F.A.W.U. in 1945 for a licence control program referred to in the first chapter asked that economic needs of fishermen be considered. While no action was taken by the government at that time the U.F.A.W.U. continued at its conventions to press for a limitation program on fishing licences.

Economist Scott Gordon Advocates Economic Approach To Management

In 1953, the Union's position was strengthened by the publication of an article in the Journal of the Fisheries Research Board of Canada by the Canadian Economist, H. Scott Gordon of Carleton College, Ottawa. Entitled, "An Economic Approach to the Optimum Utilization of Fisheries

Resources."^{1/} The article showed why a fishery would be over-exploited, and why fishermen's incomes would tend to be low in an unrestricted fishery. It is not an exaggeration to say that Scott Gordon's lucid exposition of the economics of a natural resource industry such as B. C.'s salmon fishery formed the basis upon which public policy in the fishery has since been formulated.

An expansion of Scott Gordon's work appeared in the Journal of Political Economy in April, 1954,^{2/} and A. D. Scott of the University of British Columbia added to the literature in the following year.^{3/}

Licencing Of Fishing Vessels Discussed

The decade of the 1950's also saw the beginning of the development of work in the Department of Fisheries. In March, 1953, a meeting was held at Pacific Region Headquarters to discuss a departmental memorandum concerning Permits for Fishing Vessels on the Pacific Coast. The essence of the plan, drawn up with the cooperation of the Navy, was to give every commercial fishing vessel a registration or permit number. No fee was to be charged for such a permit but details of the fleet would have been available had the plan been effected.

It should not be construed that the permit scheme as discussed was designed as a method of fishery management; rather it would have been

^{1/} Journal of Fisheries Research Board of Canada, Vol. 10 (7), 1953.

^{2/} "The Economic Theory of a Common Property Resource: The Fishery", Journal of Political Economy. Vol. LXII, No. 2, April, 1954.

^{3/} "The Fishery: The Objectives of Sole Ownership." (JPE, Vol.

more effective as a tool for naval control of the fishing fleet in war time. Nevertheless, it did suggest a possible way in which a large number of boats could be regulated, and pointed to the administrative detail which would be necessitated by such a scheme.

Economic Vs. Maximum Sustained Yield

Of more importance were the continued discussions among academics, fishery managers, and the fishing industry which followed shortly after the publication of Scott Gordon's article,^{1/} and other articles by Scott^{2/} and Crutchfield.^{3/} At a Conference on the Biological and Economic Aspects of Fisheries Management held in Seattle, Washington, in May, 1957, a number of issues were raised by some of the most eminent names in the field. The economists present introduced a number of proposals designed to bring a fishery to a state of maximum sustainable yield. Such schemes as mothership licences, auction for fishing rights, and taxes on landings were discussed and rejected on a number of grounds. Kasahara^{4/} pointed out that the granting of "mothership" licences on a restricted basis would tend to lower wages and increase corporate profits, while Scott^{5/} suggested

^{1/} Op. cit.

^{2/} Op. cit.

^{3/} J. A. Crutchfield. "Common Property Resources & Factor Allocation." CJE, Vol. 22, No. 3, Aug. 1956.

^{4/} Dr. H. Kasahara.

^{5/} Dr. A. D. Scott, Professor of Economics, U.B.C.

that the auction of fishing rights would hand control of the fishery to capital owners. An overall tax on landings or participation would limit fishermen to those who could operate economically. Thompson ^{1/} went as far as saying that any licencing system would result in a struggle for survival for the small man.

In essence, the economists and biologists present, while recognizing the problems caused by unlimited entry into the fishery, could reach no agreement as to the best way to correct the situation. Nevertheless the Conference delegates made it clear, simply by discussing the subject, that economic management of fisheries would, in future, be as important as the biological management which had been practised for many years.

Attitudes Change As Competition For Water Increases

This changing attitude towards salmon management concepts was coming at a time when there were increasing demands from other resources for the use of the fresh water environment that is essential for salmon spawning and culture.

Salmon is a common property resource, and belongs to all the people of Canada and not only to the fishermen who harvest them. The responsibility for maintaining the resource, as has already been stated, belongs to the Federal Government and the authority for issuing licences and setting fees is vested in the Federal Minister of Fisheries. Up until 1968, no direct revenue, other than nominal licence fees, had been received from

^{1/} W. F. Thompson.

the primary or secondary industry to defray the cost of maintaining the fisheries resource. On the other hand, the Canadian Government over the past 20 years had directly and indirectly increased its expenditures in the fishing industry. Policies had been adopted to improve the welfare of the individual fisherman and these policies have served to keep marginal fishermen in the industry.

These policies included:

- subsidized vessel insurance
- grants and loans for construction of fishing vessels
- grants and loans to Indian fishermen
- unemployment insurance benefits

The application of the Unemployment Insurance Fund to fishermen initially guaranteed seasonal benefits to any fishermen who fished more than 20 weeks a year. During that period fishermen in B. C. received about ten dollars in benefits for every dollar paid into the Fund.

When the Unemployment Insurance Regulations were amended in 1972, fishing was regarded the same as other types of employment and a minimum of eight weeks' contribution was required to qualify for benefits. It had been recommended that a separate plan be established for fishermen but the cost of implementing such a plan that would be self-sustaining would meet with considerable opposition from fishermen's groups.

These policies designed to improve the income and standards of fishermen have been major factors in keeping the marginal fishermen (particularly salmon fishermen) in the industry. Unfortunately in most cases the costs associated with these programs are regarded as direct costs to the fish-

ing industry rather than a cost chargeable to society generally.

Government Costs For Managing Salmon Resource Increases

The direct cost of maintaining the fisheries resource is reflected in the operating and maintenance budget of the Department of Fisheries of Canada. In addition, the cost of operating the Fisheries Research Board also must be considered as a charge against the fisheries.

The government's costs for each five-year period from 1949 to 1972 and the landed value of salmon and all fisheries in B. C. for the same period are shown in Table 1 - 2, and the relationship between costs and landed values are shown in Table 2 - 2.

These spiraling costs resulted from many different factors, including:

- (a) increased research and enhancement project costs;
- (b) the increasing industrial expansion in the province and its resultant pollution problems which had to be resolved;
- (c) the impact of the demand for hydro power on the water used for salmon production and the costs associated with finding solutions to the problem;
- (d) efficiency of boats and gear and the need for increased and improved enforcement procedures to protect the resource;
- (e) the increasing salmon sport fishery and the need to supervise and meet the demands of the recreational fishery;

TABLE 1 - 2 - DEPARTMENT OF FISHERIES EXPENDITURES AND LANDED VALUE OF SALMON AND ALL FISHERIES IN BRITISH COLUMBIA BY FIVE YEAR PERIODS - 1949 TO 1972

Year	Department of Fisheries Expenditures			Value of Landings (3)	
	(1) Operating & Maintenance	Fisheries Research	Total	Salmon	All Fish
	Millions of Dollars				
1949-1953	1.95	.60	2.55	22.0	33.2
1954-1958	2.74	1.36	4.10	23.9	36.7
1959-1963	4.60	2.64	7.24	25.1	39.4
1964-1968	9.17	3.59 (2)	11.62 (3)	36.0	53.1
1969-1972 (4 years)	10.41	N.A.	N.A.	42.7	60.3

TABLE 2 - 2 - DEPARTMENT OF FISHERIES EXPENDITURES RELATED TO LANDED VALUE OF SALMON AND ALL FISHERIES IN BRITISH COLUMBIA BY FIVE YEAR PERIODS 1949 TO 1972

Year	Dept. of Fisheries		Fisheries Research Board		Total Department Expenditures	
	Operation & Maintenance Expenditures As Percent Of	Total Landings	Expenditures As Percent Of	Total Landings	Salmon Landings	Total Landings
	%	%	%	%	%	%
1949-1953	8.9	5.9	2.7	1.8	11.6	7.7
1954-1958	11.5	7.5	5.7	3.7	17.2	11.2
1959-1963	18.3	11.7	10.5	6.7	28.8	18.4
1964-1968	25.5	17.3	10.0	6.8	35.5	24.1
1969-1972 (4 years)	24.4	17.3	N.A.	N.A.	N.A.	N.A.

Source: (1) 1949-1967 - Annual Reports, Department of Fisheries.
1968-1972 - W. A. Scholey, Manager, Financial Branch, Pacific Region, Department of the Environment.

(2) 1964-1967 only.

(3) Fisheries Statistics of British Columbia.

- (f) the increased demand from fishery groups for an opportunity to have an input into the formulating of regulations;
- (g) the administration of new policies directed towards assisting fishermen (Fishermen's Insurance, Indian Fishermen's Assistance Programs);
- (h) the cost of maintaining high seas marine patrol to protect Canadian fishermen and to patrol Canadian waters from fishing fleets of foreign nations.

During the 1950's and 1960's there has been an increased demand for other resources users for the water and gravel from the rivers and streams that are essential for the conservation and enhancement of salmon stocks in British Columbia.

Because of this resource use conflict, Federal, Provincial, and Municipal agencies, together with academic and resource economists, began to examine the costs, returns and benefit ratios from various water systems of the province for the different resource users.

New Economic Measurement Techniques Explored

Economists were beginning to explore and advocate new techniques for assessing the relative measure of the importance of competing resources. Some economists claimed that the benefit/cost ratio from the primary salmon fisheries in British Columbia were very low because any benefits were dissipated by increased costs and the owners of the resource (the people of Canada) were not getting any direct returns.

It was also suggested by many economists that if the costs and labour input that were then being utilized in the harvesting of salmon could be reduced the economic gain to the people of Canada would be substantial. Some advocated control on the fishing enterprise; others in total capitalization, with the background theme in either case; that, economic rent became available to the owners of the resource and increased licence fees would be changed. At the same time those fishermen who remained in the industry would benefit by higher incomes.

In considering, however, what and how fast action could be taken to achieve a maximum economic yield, special consideration had to be given to social and political needs. To proceed with any plan that would consider one without the other would be to invite certain failure for any program.

The program that was being implemented in British Columbia up until 1973 took these factors into consideration as will be discussed in the ensuing chapters.

CHAPTER 3

THE SINCLAIR REPORT - "A BENCH MARK"

Dr. Sol Sinclair Appointed To Investigate Licence Control

Many general proposals on licence control programs had been advanced by industry groups, government administrators and economists during the 1950's.

The U.F.A.W.U. at each of its annual conventions continued to press for the Federal Government to take action on licencing.

The Government agreed that the time had come when further action had to be taken and on May 28, 1958, Dr. Sol Sinclair of the University of Manitoba was appointed by the Hon. James Sinclair, Minister of Fisheries, to conduct "an intensive study of the economic and related problems developing in the salmon and halibut fisheries as a result of increasing efficiency, conservation requirements and so forth; from an administrative point of view this question has been increasingly important in recent years."

The following day, a further letter spelled out the terms of reference of the study more clearly:

"To examine the problem of control or management in the salmon and halibut fisheries of B. C., with a view to developing policy on such things as entry to these fisheries; i.e., licence limitation and the like; the investigation to embrace the institutional (legal and administrative) as well as the biological and economic factors involved."

Thus, Dr. Sinclair's task was one of some enormity, encompassing a study of many of the issues in the primary fishing industry in B. C.

which had been raised and discussed at some length for at least ninety years.

Dr. Sol Sinclair (no relation to the Minister), Agricultural Economist with the University of Manitoba, was requested to carry out and prepare an independent and objective report. Dr. Sinclair had already carried out assignments for the Department of Fisheries in the Maritime Provinces and was eminently qualified to undertake this project. He was given the very broad terms of reference but he interpreted these in simple terms to submit recommendations to the Department of measures that should be taken so that the salmon and halibut fisheries could provide a "decent living standard for all engaged in industry." This objective was in line with the goals outlined by the U.F.A.W.U. but the specific recommendations as to how this goal was to be attained was the crux of the whole problem of licence control.

U.F.A.W.U. Want Commission Appointed

Dr. Sinclair started his investigations in the summer of 1958 and completed his work by the fall of 1959. In the meantime, the U.F.A.W.U. had become impatient and were not satisfied with the type of investigation that Sinclair was conducting.

In May of 1959 the U.F.A.W.U. issued the following statement following a meeting with its Executive Board and five members of Parliament from British Columbia.

1/ "The Union stated that productivity per fisherman was dropping even though individual efficiency was rising. The numbers of fish are limited but there is no maximum limit on the number of fishermen.

In 1957, there was a 10.7 percent increase in the number of B. C. commercial fishing licences. The numbers of fish caught have declined. The fishermen took price cuts. No wonder this is called a strike-prone industry.

The Union contends a Royal Commission should study the problem thoroughly. Facts should be gathered all across Canada and from foreign countries. All interested parties in B. C. should submit their views. Our Union has proposed a moratorium on new licences. Stop the influx of new persons for two years while the Commission reviews the problem. We contend if a person does not derive 51 percent of his income from commercial fishing, he should not be allowed to continue in the industry. This would rule out the "holiday fishermen" who have other jobs and come in during good runs to rob our members of the cream. Regular commercial fishermen need the good years as well as the lean years to survive.

The 15th Annual Convention of the United Fishermen & Allied Workers' Union, meeting in Vancouver passed an emergency resolution calling for a limit on the number of commercial fishing licences. Pointing to an increase from 10,853 licences in 1956 to 12,016 in 1957 and a further increase to 14,266 in 1958, the resolution urged the government to place a limit on the number of licences issued.

The Convention charged that investigation of the problem of overcrowding on the fishing grounds was proceeding far too slowly for want of full-time staff. Investigation began over one year ago at the request of the Union when the Federal Government appointed Professor Sol Sinclair of the University of Manitoba to study the problem. Because of his other duties the Union points out Professor Sinclair can spend only a few weeks each year on this important issue.

The resolution points out that the industry has become very insecure because of the overloading of gear and many fishermen were being forced out because limited fishing time did not provide them sufficient earnings to maintain their boats and gear. Proof of this was shown in the fact that in the six years, 1953 to 1958, over 26,000 licences were issued. This heavy turn-over in the industry resulted from the heavy concentration of gear. The incoming officers are instructed to pursue a vigorous program this year aimed at establishing a program of licence limitation and all Locals will be asked to contact their M.P.'s seeking action."

Sinclair Report Published

Dr. Sinclair submitted the first draft of his report to the Department of Fisheries in Ottawa in the fall of 1959. This preliminary draft had a separate section specifically dealing with recommendations. It was decided, however, by the Department that the format of the report should be changed so that the author's views on the different actions that could be taken would be incorporated in the body of the report rather than a separate section. In this way it would be easier to relate to the subject matter being discussed.

From the standpoint of later discussions it is desirable to review Sinclair's suggestions and even though they are not called recommendations, have to be accepted as such.

Sinclair Report Recommendations

The major recommendations of the "Sinclair Report" ^{1/} (published in 1960) have been divided into three sections.

I Those recommendations which were basic to a licence control plan. These are as follows. (Page numbers shown relate to the published report).

- (1) Only those fishermen who could show evidence of having fished commercially the past two years should be granted a licence. (Page 141)

^{1/} Licence Limitation - British Columbia - A Method of Economic Fisheries Management - Sol Sinclair.

- (2) No new licence should be issued for five years. Licence not used for two successive years would be retired. (Page 143)
- (3) At the end of five years, licence would be granted on the basis of competitive bidding. (Page 144)
- (4) The principle of paying a royalty based on production should be applied to the fishery. (Page 143)
- (5) The personal licence fee should be increased (to \$10.00 per year). (Page 141)
- (6) A commercial boat licence should be introduced and the price should range from \$40.00 to \$100.00 per year depending on size and type. (Page 141)
- (7) All licences should be applied for and issued not later than March 31 of the year in which they were to be used. (Page 143)
- (8) Boats that were not seaworthy should not be granted a licence. (Page 223)
- (9) Government to purchase and scrap old boats. (Page 143).
- (10) Licence fees recommended might be too high for native Indians and special consideration might have to be given this group. (Page 223)
- (11) To safeguard the rights of citizens to fish an impartial Board of Review should be set up. (Page 145)

II Those recommendations which dealt with practices in the industry that should be explored because they would have a fundamental influence on any limitation proposal. These would include:

- (1) The government should discuss with the companies the desirability of establishing a sound policy in financing of fishermen. (Page 146)
- (2) A review of existing provisions of unemployment insurance for fishermen was desirable. (Page 147)
- (3) A sport fish licence for salt water fishermen with an annual fee of \$5.00 should be introduced. (Page 225)

III Recommendations that dealt with obtaining and analysing information that would be necessary to carry out a licence control program. These should include:

- (1) Issue only one licence per boat. (Page 227)
- (2) Greater detail about fishermen should be obtained on the licence forms. (Page 226)
- (3) More information should be obtained on sales slips such as landing by port and actual value of sale. The boat licence should be reported. (Page 226)
- (4) The fisherman should be issued a single licence in the form of a plastic or metal plate which could be stamped on sales slips. (Page 227)
- (5) Statistical areas should be sub-divided into smaller areas. (Page 227)
- (6) Use of new electronic equipment for processing statistical data should be examined. (Page 227)
- (7) A continuous cost income program research was considered essential to ensure adequate information upon which to base a sound developing program for fisheries. (Page 227)
- (8) Additional statistics could be obtained on the census. (Page 228)

With the publication of this report all segments of the fishing industry now realized, probably for the first time, what would be involved in a licence limitation program. These industry groups also probably recognized that the government was serious in trying to find a solution to the free entry problem in the salmon industry.

Each organization within the fishing industry was critical of some aspect of the recommendations of the Sinclair Report.

Comments On Sinclair Report Requested

With the publishing of the Sinclair Report, the Minister of Fisheries, the Hon. J. Angus McLean, invited interested groups and persons to submit written comments to the Department. These replies were most important and for this reason are summarized in detail.

Review of Submissions Received^{1/}

(1) United Fishermen and Allied Workers' Union

The submission by the U.F.A.W.U. was prefaced with the statement that it should be regarded as a first submission only and the opportunity should be provided for an open conference whereby all interested parties and organizations would have an opportunity to hear each other's views and exchange ideas.

The complete submission of the U.F.A.W.U. is appended. (Appendix I)

"While agreeing in general with Prof. Sinclair's description of the problem to be solved, the Union would differ in emphasis on several points. They consider general (cyclical and seasonal) unemployment as being a relatively more important contributor to "overcrowding" in the fisheries --suggesting that alternative employment has not been as readily available as the report implies. The misleading publicity given to "bonanza" catches is cited as another contributing factor. Above all, the role of

^{1/} Most of the reviews of the submissions by each organization were as summarized by W. C. MacKenzie, Director General, Economics Branch, Ottawa. The footnotes are those of Mr. MacKenzie.

* The same point is made by spokesmen for other groups. Cf. infra, pp. 15, 23.

the fish-processing companies in financing excessive expansion of the fleet (in competition for raw-material supply) is re-emphasized. On the other hand, the Union consider "unemployment insurance" of little or no importance in this connection: there being no evidence that the annual rate of licence renewal has risen since the institution of the system.

According to the Union, the primary objective of fishery management policy is the raising of the level of living of fishermen--not, however, at the cost of inadequate profits in other sectors of the industry. On this point, exception is taken to the notion that fishermen's earnings may be described in any sense as "profits". Fishing equipment (boats and gear), like that of industrial craftsmen, is defined properly as the tools of the fisherman's trade. This appears to apply in the case of one-man enterprises (gillnetters and trollers) as well as deckhands or sharesmen in the larger enterprises (purse-seiners, longliners and dragners). It does not apply to vessel owners, including, presumably, owner-captains in the latter type of enterprise. Here, it may be mentioned, the Union takes issue with the suggestion that minimum crew requirements result in overmanning the seining vessels, on the ground that the effects of the introduction of labour-saving equipment are offset by the increased pace of fishing operations. On the contrary, they suggest that a lower vessel-share might help to discourage excessive investment in the fishery. They favour, incidentally, the preservation of mobility from one fishery to another.

The Union rejects the argument that rights to fish are comparable with rights to exploit other resources. For that reason, and because

* This seems to be the opinion of the Coop. Association also. See below, p. 20.

** Some other groups have reservations on this point.

*** Here the Union are again in agreement with the Coop. Assn., p. 22

it would discriminate against the poorer fishermen (especially among the Native population), they are opposed to an increase in licence fees and to the establishment of an auction in licences. Instead, they urge that licences be distributed on the basis of seniority and the degree of dependence on fishing as a source of income. They object to the idea that fees become a source of government revenue: to be used for research, etc. They are opposed to the transferability and sale of licences also because of the opportunity this would provide for domination of the primary industry by the fish-buying companies, i.e., for the development of vertical integration and the cementing of fishermen's bondage to buyers.* The system of control should be designed so that competition among buyers to establish bonds with fishermen is replaced by competition in the prices offered at dockside. At the same time, it is contended, the system should not impede the progress and expansion of the industry, e.g., in the high-seas tuna fishery, nor should it hinder the formation of fishermen's organizations, which, on the model producers' cooperatives, are not to be regarded as monopolistic in character. The possibility of monopoly gains may be obviated by the licensing of new entrants.

As an alternative to the program recommended by Prof. Sinclair, the Union make the following proposals which, along with those put forward by other fishery organizations, they wish might be given full consideration by the interested public as soon as possible:

1. It should be established that the grant of a fishing licence is conditional on the holder being engaged in fishing as a basic source of livelihood and that failure to comply

* This view is held by certain other groups as well, e.g., the Trollers and the Coop. Association.

with this condition will result in non-renewal of the licence.

2. Beginning in 1962, a five-year moratorium on the issue of licences should be declared. At the outset, licences should be granted only to persons who a) held licences in 1960 and 1961, and b) can show that in either of those years 30 percent of their annual income consisted of earnings as commercial fishermen. For renewal of licence in 1963, proof that the holder obtained 30 percent of his 1962 income from fishing should be required; the percentage to be increased to 40 percent for renewal in 1964 and to 50 percent in 1965 and subsequent years.

3. For the purpose of obtaining and holding a licence, "commercial fishing" should be defined to include employment in various ancillary occupations, e.g., packing, fish processing, and office work in any organization connected with the fishing industry (union, cooperative, fish company and Dept. of Fisheries).

4. Persons refused the grant or renewal of a licence, for the reason already indicated, should have the right to appeal to a Board of Review on which all primary fishing organizations would be represented and which could reverse the decision in cases where special circumstances, e.g., an accident or illness, prevented fulfillment of the condition laid down.

5. Following the five-year moratorium, licences may be granted to applicants--to be selected from a waiting list--who did not hold licences prior to 1962.

6. Licences should not be transferable or salable.
7. Each licensed fisherman, on payment of a \$10 fee, should be retained for all licences granted such fisherman--licences should be granted at a nominal fee.
8. The present proportion of Native to all fishermen should be preserved by regulation.
9. Financing for fishermen should be available through credit unions, supplemented if necessary by government (loan and subsidy?) agencies.
10. A study of the whole fishing economy of the (Canadian) Pacific coast should be undertaken, including an investigation of the costs and earnings and the business practices of the processing and distribution sector."

(2) British Columbia Gillnetters Association

This group, with a membership of 30 - 35 gillnet fishermen, was a breakaway group from the U.F.A.W.U. Most of its members were from the Fraser River area. The Association discontinued its activities about 1966 but its comments on the Sinclair Report are of interest in that they represent the views of fishermen who were independent of the Union. The following is a summary of this submission.

"This group also feel that the premises upon which Prof. Sinclair's conclusions are based have been undermined by the worsening employment situation in the economy generally.* They would underline the significance of the large number of licenced fishermen whose output is very small-- and the importance, for purposes of regulation, of the size of the fishing fleet. In their view, fishermen dependent on fishing for their livelihood should be protected from the effects on their income of entry, when conditions are favourable, of casual fishermen. They refer, in this connection, to the excess capacity that results from the credit policies of fish buyers (cannery operators) and suggest that "unemployment insurance" in effect subsidizes such policies. They are also concerned about the practice, among some fishermen-entrepreneurs, of owning several fishing boats which are operated by others on shares, i.e., a type of multi-plant firm.

Their recommendations were: 1) that licences be granted only to persons who obtain 75 percent of their income from fishing, and 2) that

* A point made in several submissions.

a single non-transferable licence, covering all gears and costing from \$200 to \$500, be issued to each fisherman* for a five-year period. They are particularly insistent on the urgency of early action in this matter, because present conditions are forcing more and more full-time fishermen into part-time status."

* The context implies that boat-owner is intended.

(3) Pacific Trollers' Association

The members of this Association were mainly offshore trollers who were interested only in trolling. Their comments indicated their main concern centered around the increasing number of gillnetters that were converging to combination fishing gear. The complete brief of the Association is appended (Appendix II) and is summarized as follows:

"The trollers are appreciative of the contribution made by Professor Sinclair to an understanding of the management problem but consider the program he proposes as being unnecessarily complicated. In their view, the basic difficulties arise from the expansion of the gillnetting sector, i.e., the increase in the number of units and in the efficiency of the individual unit in this sector. As a result, gillnetting operations have had to be curbed for conservation purposes--a development which forces gillnetters to branch out into trolling operations in an effort toward more continuous employment of their capital equipment. This must inevitably lead to trollers in turn, in order to supplement their earnings, moving into the gillnetting sector: adding to the overcrowding already in existence there and further exacerbating the difficulties of regulation.

On the other hand, this group would not wish to see the establishment of anything resembling a "closed shop" in the industry. While admitting to less than full understanding of the implications of licencing by auction, they feel that it would favour an affluent minority and perhaps enable a few to gain domination of the industry^{*}. They made two specific

* A viewpoint that is shared by the Union and the Coop. Association, Cf. pp. 11, 25.

recommendations, viz.

- (1) that, to retain a commercial fishing licence, an applicant must show proof of having (during the preceding season) obtained at least 40 percent of his income from fishing, and
- (2) that only one type of salmon fishing licence could be held at one time, and only one switch (e.g., from gillnetting to trolling) would be permitted in any one year. It was suggested that these measures would be restrictive enough to eliminate most casual entrants (sports fishermen and others) from the fishery and, at the same time, sufficiently flexible to permit a reasonable degree of combined (e.g., gillnetting and trolling) operations."

(4) Fishing Vessel Owners' Association

This Association represented vessel owners that employ crews of three or more and were thus not eligible for membership in the U.F.A.W.U. The vessels owned by its members are mainly salmon seiners, herring seiners, longliners and trawlers, or larger combination vessels. The views expressed in this brief probably represent mainly the views of the independent salmon seine owner. Its submission did not attempt to review the Sinclair Report recommendations. A summary^{1/} of the submission of the Fishing Vessel Owners' Association follows:

"Although the Fishing Vessel Owners' Association felt that Prof. Sinclair's Report required further study and public discussion, this group made the following tentative points:

1. To preserve freedom of entry to the fisheries, "licence limitation" should apply to vessels and gear--not to fishermen.
2. Licence fees, for vessels or individuals, should not be increased.
3. Vessel operators should be free to participate in any fishery--the voluntary agreement between the Fisheries Association and the U.F.A.W.U., restricting participation in the herring fishery, is an illegal "combine".
4. Discriminatory regulations, restricting the areas open to purse-seining operations, are no longer necessary--because of technological progress in the gillnetting sector."

(5) British Columbia Purse Seiners' Protective Association

This Association, representing less than ten boat owners, was an offshoot of the Vessel Owners' Association. For the most part the views expressed were opposed to those of the Vessel Owners and other industry groups. Its submission is summarized as follows:

"In general, this group accept the findings of Prof. Sinclair's Report; an extension of the power and scope of control over the fisheries is necessary in the interest of economic efficiency. While the resource has been maintained under the existing regulatory system, competitive conditions have led to impaired efficiency. The current situation indicates that the formerly "inalienable right" to fish should be abridged, i.e., that restrictions, now applying only to the number of operating days, should also apply a) to the number of fishermen licensed, b) the number of vessels operating, or c) the flow of investment in fishing equipment. As an alternative to b), efficiency might be promoted by restricting each vessel to a single fishery, e.g., the salmon fishery or the halibut fishery. The size of crew should also be limited--technological progress in labour-saving equipment has not brought greater returns to labour chiefly because of the Union's failure to reduce minimum crew requirements, i.e., for seven men on seining vessels.* To preserve freedom of fishing, however, the licensing of fishermen should be discontinued. Fees for vessel licences (intended to yield revenue) would be justified only if the number of craft were thereby reduced; if the extra expense were

* U.F.A.W.U. disagree -- see p. 11.

absorbed by the fish-buying companies, restriction might be necessary on the construction of vessels--the financial control exercised by these companies over fishing enterprises is detrimental to the welfare of the industry and of the public.*"

* A common opinion, evidently, among fishermen's groups.

(6) Prince Rupert Fishermen's Co-operative Association

This is the one organization that has consistently opposed any form of licence control. Following the tabling of the Sinclair Report the P.R.F.C.A. arranged for a carefully prepared written rebuttal which was endorsed by the directors of the Association as well as the Prince Rupert Fishing Vessel Owners Association. The complete text of the submission is appended (Appendix III). This report was summarized with footnote comments by W. C. MacKenzie.

"This organization are highly critical both of Prof. Sinclair's analysis and of his proposals. They attack, to begin with, the evidence adduced to support the case for restriction. Lacking information on the individual fishing enterprise, Prof. Sinclair relies on rough averages of gross earnings (derived from general sales statistics) and, to calculate the net-income position, compares these with costs pertaining to a short period several years earlier. This procedure is considered to be inadmissible.* In this connection, it is pointed out that, like the farmer and small merchant, the fisherman does not regard himself as an entrepreneur--he seeks a reward for his labour not a return on an investment in capital equipment, which he looks upon merely as the tools of his trade.** Prof. Sinclair's case ".....is based on the principle that the presence of non-economic units in the fisheries depresses the income of the competent fisherman *** ...He does not really know, however, whether

* The extent to which Prof. Sinclair's analysis is vitiated, for his purposes, by the inadequacy of his data is exaggerated.

** This point is made by the U.F.A.W.U. also, cf. supra, p. 10.

*** Not so.

the fisherman with a better than average income is in fact operating economically or whether his income resulted from a 'lucky strike' or skill, nor does he know whether or not the fisherman with a low income may in fact have had a reasonable return having regard to the capital and effort employed."* His conclusions are thus invalidated.

The attack is then directed at the assumptions, explicit and implicit, underlying the report. The assumptions are alleged to be as follows, with the accompanying comment:

- (a) That economic theory may be applied to the solution of a problem without regard to the institutional and/or sociological factors involved - Attention is drawn in this connection to the persistence of labour and capital in the fisheries when returns are below the opportunity level and it is suggested that this phenomenon is explained by:
 - (i) the possession by fishermen of other part-time gainful occupations,
 - (ii) their indebtedness to fish buyers,
 - (iii) their lack of other skills at an age when adjustment to another occupation would be difficult,
 - (iv) their isolation geographically from other employment opportunities or as a consequence of belonging to an ethnic group (the Natives)

* The misapprehension displayed here as to the nature of the case is traceable to a certain misplaced emphasis in the report itself, which in turn arose out of Prof. Sinclair's terms of reference.

that encounters discrimination in other employments,

- (v) their desire to associate with their particular ethnic group in the same occupation, and
- (v) their desire for the relatively relaxed life of a fisherman, as compared with that of an industrial worker.

The significance of factors such as these, it is further suggested, should be assessed with respect to the results that might be anticipated from the kind of action recommended in the report.

- (b) That the ills of the primary producer can be remedied without an examination of the other phases of the fishing industry and the fish trade, e.g., the organization of port markets - Here reference is made to the effect on immobility among fishermen of the financing practices of fish-buying companies.
- (c) That the high degree of organization in the B. C. fishing industry, among fishermen, vessel owners and processing companies, is not responsible in part for the failure of economic, i.e., market, forces to operate satisfactorily in this industry -- The interference with efficient operation caused by recurrent strikes and lockouts, and the indictment of the industry for combination in restraint of trade, are not considered by Prof. Sinclair; in fact, it is suggested, his proposals would tend to perpetuate and legalize such activities.

- (d) That, given time for adaptation to recent technological advances, the industry cannot adjust to changing market conditions without intervention or control by government -- In order to protect a vested interest, it is suggested, fishermen seek to exclude new entrants and processors seek exemption from laws against combination but "..... either of these approaches represents a palliative which provides temporary relief from facing hard economic realities."
- (e) That a transitory seasonal resource like a fish run is subject, for purposes of regulation, to the economic reasoning applicable in the case of other exhaustable resources, e.g., land, timber and oil, which do not disappear if not used -- Prof. Sinclair's proposals based on this assumption are unprecedented and, it is suggested, he has failed to demonstrate their realism.
- (f) That ownership of national fishery resources is vested in the Government of Canada and that the Government's powers extend to the disposal of this property to select persons -- It is suggested that Prof. Sinclair, in leaving this question to the legal expert and the politician, avoids a fundamental issue.
- (g) That those now engaged in fishing, notwithstanding their failure to operate efficiently (from the economists' point of view), should be given preferred rights in the fisheries -- Finding the industry unresponsive to the

ordinary economic forces, it is suggested,^{*} Prof. Sinclair concludes, that (contrary to the major premise of private enterprise economy) inefficiency and waste can be reduced, the fishermen's welfare bettered, by protection from competition. At the same time, it is suggested^{*} that ".....a system of trading in licences may further undermine the ability of fishermen to face the realities of changing technology....."

- (h) That there is an expanding economy which can absorb the excess equipment and manpower that may be displaced in the fisheries -- This, it is argued, is not the case: alternative opportunities for employment and investment, in the current period, do not permit free movement of capital and labour.**
- (i) That a maximum physical yield of salmon and halibut has been attained -- It is pointed out that new techniques of fish culture are capable of increasing the size of the salmon stocks, possibly by several hundred percent.
- (j) That agreement can readily be reached with the U. S. A. on the implementation of the proposed program of control -- The history of earlier international negotiations, it is suggested, does not support so optimistic an assumption.

* There seems to be a contradiction here.

** This point is also made by the U.F.A.W.U.

- (k) That Japan and the U.S.S.R. will refrain from encroaching on our fishery resources if we fail to exploit them fully -- Prof. Sinclair, it is stated, ignores this aspect of the matter.

With reference to Prof. Sinclair's proposals, specifically, the Association consider that the higher licence fees recommended would be ineffectual for the purpose of eliminating a substantial number of casual fishermen. This view, they suggest, is supported a) by the evidence that fishermen are unresponsive to cost factors and b) by the argument in the report itself against the use of taxation as an instrument of control, i.e., that it would require impracticably detailed information on the marginal productivity of fishing enterprises.

The recommendation that the issue of licences be halted during a period of transition, and thereafter made available under a system of competitive bidding, is opposed with special force. The opposition is based on the following grounds:

- (a) Since fishing operations are seasonal and subject to regulation as to time and place, it would be difficult to define "regular occupation" so as to permit a fair selection of licensees.
- (b) By holding an umbrella over the efficient and inefficient fishermen alike, simply on the basis of their presence at its inception, the scheme in effect creates what are known as "grandfather rights" in the fishery. In other occupations, e.g., trucking, regulation is directed to promoting the public interest rather than to the protection of such rights.

- (c) The proposed scheme makes no provision for recruitment to the fisheries. The sale of licences to the highest bidder would not accomplish this -- because fishing is an acquired skill -- it would merely permit fish buyers the more easily to acquire control over the primary producers.
- (d) Experience, e.g., in the taxi business, shows that trading in licences results in the ownership of these assets passing from the operators to the financiers. The tendency toward vertical integration in the fisheries would be given tremendous impetus: reducing the fisherman from "his rightful position as a small entrepreneur"* to that of a wage slave.
- (e) If the sale of licences is allowed, the gains from entry restriction would be lost, as a result of the capitalization of exclusive rights, with the first generation of licence holders. If, on the other hand, licences are issued cost free, the race to build larger and more efficient fishing craft, in order to capture a larger share of the permitted catch, would continue -- and the net yield of the fishery would be dissipated as before. "In other words, there is no end to the process."

As alternatives to what they describe as Prof. Sinclair's "negative" approach to the problem, the Association offer two solutions of their own:

1. The first solution would be the establishment of a Marketing Board, of the type set up under Federal-

Provincial legislation for certain agricultural products. These institutions, it is asserted, a) stabilize supply, b) eliminate wasteful competition, c) preserve freedom of choice, and d) maximize returns to producers.

2. The other solution would be the extension of cooperative organization -- although it is not clear if this is intended to embrace the whole industry. Prof. Sinclair is quoted as endorsing the claim that cooperative organization encourages efficiency and the maximization of producers' returns.

Neither of these lines of action, since they extend beyond primary operations into processing and distribution, would bring about a degree of vertical integration in the industry but, it is emphasized, this would be achieved under democratic control -- directly by the producers, not through government interference."

(7) William C. MacKenzie - Chief of the Economics Service -
Department of Fisheries - Ottawa

W. C. MacKenzie, Chief of the Economics Service in Ottawa in April of 1961 also prepared his own critique of the Sinclair Report in which he dealt with the general economic approach taken by Sinclair in his report. The complete statement by Mr. MacKenzie is appended. (Appendix IV)

MacKenzie made the important point that it must be the proper concern of government in furthering the interests of a particular industry or segment of the population that recognition be given to the maximization of social welfare.

He suggested that obsolescent boats occasionally or temporarily brought back into use may represent addition to fishing capacity during peak production periods but at no great additional capital cost.

Finally, he discussed the effect of union power, wages, consumer prices and employment in the fishing fleet.

(8) Blake A. Campbell - Chief Economist - Pacific Region -
Department of Fisheries

B.A. Campbell had worked very closely with Sol Sinclair during the course of his investigations and in his position as Chief Economist of the Pacific Region prepared a detailed critique of Sinclair's Report. Sinclair suggested in his report that any limitation program had to be "administratively feasible and politically acceptable." Campbell agreed with these statements but seriously questioned whether Sinclair's recommendations met his criteria.

Mr. Campbell's comments of May, 1961, were the only ones received (other than the U.F.A.W.U.) that examined the implications of each of Sinclair's recommendations.

The complete comments are appended (Appendix V) and are summarized as follows, together with his recommendations as to how a limitation program could proceed.

"Summary

Taking into consideration the many controversial aspects of the Sinclair Report and recognizing that this whole matter of licence limitation is one that should be approached cautiously, I would recommend the following:

- (1) Starting in 1962, commercial fishermen be required to take out a personal fishing licence at a cost of \$10.00 and this licence will allow them to participate in any fishery during the year. A special personal licence should be available for persons wishing to accompany fishermen but who would take no part in the fishing operation. This might include a wife who accompanies her husband or a casual visitor who, up to this time, is required to take out a fishing licence. This might

include a wife who accompanies her husband or a casual visitor who, up to this time, is required to take out a fishing licence. This might continue to be a \$1.00 licence or could be in the form of a 'no cost permit'. Elimination of a licence for wives who accompany their husbands should be investigated.

- (2) Starting in 1962, every fishing boat be required to have either a commercial boat licence or a sports boat licence which must be displayed at all times. The price of a boat licence would depend on size and type of fishing engaged but would have to be decided upon at the time of the original application.
- (3) Licences should be applied for by the end of March each year but this would not apply to sports fishermen.
- (4) A picture should accompany the application for licence and will form part of the licence itself.
- (5) In making application for a fishing licence, the fishermen would be required to provide specified information on boat, gear, age, etc.

Other recommendations contained in the report should be left until the results of the above actions can be assessed."

Special Committee Appointed To Review Sinclair Recommendations With
Industry Associations

Because of the diversified views expressed in the submissions by industry groups and individuals, the Minister of Fisheries appointed four officials of the Department to meet with interested groups. Their task was to review the submissions received and try to reconcile these differences so that a modified control program could be implemented.

The Committee consisted of W. C. MacKenzie, Chief of Economics Service in Ottawa, W. R. Hourston, Regional Director of Fisheries in Vancouver, C. R. Levelton, Chief of Conservation and Protection Branch in Vancouver, and Blake A. Campbell, Chief of the Economics Branch in Vancouver.

This group reviewed the submissions and between April 16, 1962, and May 4, 1962, met individually with all groups that had responded to the Minister's invitation to comment on any aspect of the Sinclair Report. In addition it also met with other interested groups and in order to obtain more information on the working of marketing boards met with Dr. Walt Anderson of the Faculty of Agriculture at U.B.C. and officials of the B. C. Tree Fruit Marketing Board in Kelowna.

The views of each organization as presented in the foregoing pages was reviewed with the officials of each organization. The recommendations of Sinclair were discussed and the stand that each group took on each of the major recommendations follows:

(1) Response To Recommendations

I Moratorium On Fishing Licences

In favour:

- (1) United Fishermen and Allied Workers' Union
- (2) The Gillnetters' Association of B. C.
- (3) Pacific Trollers Association

Qualified Answers:

- (1) Fishing Vessel Owners' Association - owners were divided on question of licence limitation but if implemented should restrict enterprise rather than the individual.
- (2) Fisheries Association of B. C. - opposed unless secondary industry also restricted.
- (3) Native Brotherhood of British Columbia - only if number of Indian fishermen would not be decreased.

Opposed:

- (1) Prince Rupert Fishermen's Co-operative - because any limitation plan would restrict the development of the Co-operative movement.

This summary of the opinions expressed by the industry groups clearly reveals the basic problem of coming to any agreement on a control plan. It was to be expected that each group would continue to look after the interests of its own members but it had been hoped that some modification might be possible. Such was not the case.

While the U.F.A.W.U. indicated it was in favour of a moratorium on

fishing licences, it is very evident from its brief that they were thinking in terms of a personal fishing licence and not a boat licence.

II. Auctioning Of Fishing Licences After Five Year Moratorium

All groups were opposed to this suggested action although their reasons differed. The practicability of such an auction was questioned. The fishermen's organizations felt that control of licences would get into the hands of vested interests.

III Increased Licence Fees

In Favour:

B. C. Gillnetters' Association

Opposed:

- (1) United Fishermen and Allied Workers' Union
- (2) Fishing Vessel Owners' Association of B. C.
- (3) Native Brotherhood of B. C.

Qualified:

- (1) B. C. Purse Seine Protective Association - support fee increase if number of boats reduced.
- (2) Prince Rupert Fishermen's Co-operative - would not oppose to same extent as moratorium.

No Opinion:

- (1) Fisheries Association of B. C.
- (2) Pacific Trollers' Association

Most fishermen's groups refused to accept the concept that the user should pay for the cost of maintaining and enhancing the salmon resource.

The B. C. Gillnetters' Association, the one group that supported

the increase, did so in the thought that higher fees would reduce the number of fishermen and increase the net returns of those who remained in the industry.

IV Other Possible Measures that might be taken to limit or restrict licences were also discussed and each group was given the opportunity to put forth its own views.

The problem of company financing was raised by all fishermen's groups and there was general agreement that this was one of the major causes of over-capitalization. While most groups felt financing should be restricted, no practical means were suggested as to how this might be done. It was recognized that company financing was a competitive tool and unless some way was found to remove these competitive pressures financing by companies, either direct or indirectly, would continue.

This led to a discussion of establishing an auction in Marketing Board system for disposing of salmon but for many reasons these were not regarded as practical.

Other aspects that were discussed included:

- (a) Fishermen should get certain percentage of income from fishing;
- (b) The role of the "moonlighter."
- (c) The impact of Unemployment Insurance Fund.
- (d) Duty free importations of boats and impact on vessel values.
- (e) Vessel subsidy and impact on value of older boats.
- (f) Deadline for issuing salmon licences.

(2) Committee Report And Recommendations

After hearing the industry presentations the Committee met on several occasions to explore what action should be recommended. There was growing apprehension expressed about the wisdom of implementing any type of a program that would artificially restrict licences. The reasons for this changing viewpoint was outlined by B. A. Campbell in June of 1962 when he reviewed the Committee discussions and the background for the recommendations that were ultimately made to the Department.

This report which is appended (Appendix VI) reviewed the background of the Committee hearings and discussed the implication of:

- a moratorium on licences (personal and vessel)
- the suggestion that fishermen be required to obtain a percentage of income from fishing
- eliminating buyers from financing of fishing enterprise

It also discussed the licencing of the fishing enterprise or vessel and referred to licencing system that were in effect in Washington and Alaska.

The possibility of a graduated increasing licence fee on gear was also reviewed and the revenue that could be collected under such a licence fee schedule. The review also outlined the rationale for requiring fishermen to obtain their gear licences in advance of the actual fishing season. The possibility of the government purchasing vessels out of the industry should a moratorium be imposed was also explored. Finally, the review also discussed the licence limitation program as it might affect

Indian fishermen.

No action was taken on the Committee recommendations and the matter of licence control was again left in abeyance.

- Step 1 - The first year, licence only enterprises that could show they had been engaged in commercial fishing operations and had sold in excess of \$250 worth of fish. This would include a length and tonnage statement for the enterprise.
- Step 2 - Do not licence any boats that do not meet the following specifications:
- Gillnetters and trollers must exceed 25'
 - Seiners must exceed 40'
 - Boats must be equipped with permanent commercial gear.
- Step 3 - Do not licence any new boats unless they were replacing similar tonnage or length.
- Step 4 - Government to provide a fund that would purchase boats at specified market value for those who are getting out of industry. These boats would be destroyed or sold out of the industry.
- Step 5 - Companies would be given a fixed allocation of canned pack based on historical five or ten year pack. A Government board would be set up and any overage would be sold by companies to board at a set price.
- No interference with fresh fish market operations.
- Step 6 - Government should be prepared to buy up boats to the extent considered necessary to reduce fleet. This could be done out of revenue obtained from licencing of boats.
- Step 7 - All boats engaged in sport fishing be licenced.

- Step 8 - Gradual withdrawal of commercial fleet from Gulf of Georgia that no commercial trolling to be allowed in this area by 1975.
- Step 9 - Possible modification of commercial fishing boundaries to allow for more restricted gillnet fishing in estuaries and allow more competition from seiners.
- Step 10 - Replacing of unseaworthy boats, particularly those in hands of natives, with better boats purchased by Government under restriction plan.

Other Factors Result In Postponement Of Any Decision Of Limitation Program

There were other external factors that influenced any further progress on licence control during this period.

- (1) The Government of Canada was going through a period of minority governments--first a Conservative Government in 1962-63, followed by a Liberal minority government from 1963 through to 1967. During these years, the Minister of Fisheries was reticent to implement programs that might prove unpopular to any segment of the population.
- (2) During the 1950's and early 1960's, there continued to be serious disruption, particularly in the salmon and herring fisheries, as a result of failure of companies and fishermen to agree on prices. These disruptions culminated in a prolonged strike in the salmon industry in 1963. In an attempt to find a permanent solution to

the problem, a special Federal-Provincial Committee was appointed to review this whole question and make recommendations to their respective governments.

This Committee ^{1/} carried out a comprehensive review of the industry in 1964, and all branches of the fishing industry were requested to submit their views and recommendations on methods of resolving the price and wage dispute problem.

It was very obvious to the Committee that the price and wage situation was only one aspect of the many problems facing the industry. The Committee offered recommendations to the government that if implemented would minimize disruptions in the industry. In formulating these recommendations careful consideration had been given to the philosophy as expressed in the "Sinclair Report" that there was a need to provide steps which would ensure that the fish were harvested for the benefit of the people of Canada as well as for the fishermen and fish processors.

- (3) The third reason for the waning interest in a licence control program during this period probably resulted from changes in fishing production patterns. In 1962,

^{1/} W. R. Hourston, G. R. Currie, J. J. Quinlan - Federal Government appointees. C. R. Margison, A. W. R. Carrothers, Dr. D. B. Turner, Provincial Government appointees. B. A. Campbell - Executive Secretary.

there was an abnormally large run of pink salmon to the central areas of the province and the gillnet, seine and packer fleets had major difficulties coping with the run during the peak periods of migration. The same type of situation occurred in 1964 although not on the same magnitude.

Change In Licencing Procedures And Fees Advocated

In 1963 a report was prepared by Blake A. Campbell and distributed on a restricted basis entitled, "A Case for Changes in Licencing Procedures and Fees" (Appendix VII). This report presented a historical review of salmon licences back to 1894 and showed that at one time salmon licences were very much higher than in 1963. There had been no change in the licencing system during the past 40 years. The fees and licencing procedures were examined in the light of needs of all segments of government and industry.

Three main reasons for licencing were reviewed:

- (1) Revenue - Fees in 1923 had been set following a depression year - since that time the value of salmon had increased by five times without an increase in revenue to the Department.
- (2) Regulation and Management - Licencing regulations had been established when fleet was relatively stationary and enforcement officers had accurate knowledge of vessels operating in each area. With the extreme mobility of fleet a new licencing system is necessary that would more adequately serve the modern needs of the Protection Branch.
- (3) Statistics - At one time licences issued provided an accurate picture of number of fishermen but no longer the case because people take out commercial licences for a variety of reasons. In 1962, 30 percent of trollers licenced did not report commercial landings.

The report recommended that:

- A personal licence fee be required for all fishermen at a cost of \$10.
- That boat licences be established initially based on the size of vessel - those over 10 tons would be charged \$80; those under 10 tons, \$40.
- It was estimated that revenue would be increased from \$40,000 to over \$400,000.

To accomplish this would require the following changes in regulations:

- (1) Individual licences for each type of fishery would be eliminated.
- (2) A personal fishing licence would be required.
- (3) A commercial fishing licence would be required for each vessel - the fee to depend on size.

This report was issued just prior to the formation of the Committee to investigate price and wage disputes in the fishing industry and no action or thought was given to the possible increases in licence fees until late the following year, although the licencing system itself was changed in 1964.

Licencing System Changed

Effective January 1, 1964, the Department announced a change in commercial licencing procedures in British Columbia. Prior to that time, a commercial fishing vessel had to be identified by the initial and the licence number of the gear that was being used. As of 1964, a fisherman was

assigned a single commercial fishing licence number which was used on all licences that he purchased. In the case of a fisherman already holding a licence, the number used in 1964 would be the same as the number held in 1963. New fishermen were assigned new licence numbers. Separate licences would be required for each type of gear but the same number would show on all gear licences.

The licence fee structure itself was not changed.

CHAPTER 5

STAGE SET FOR INTRODUCTION OF A
LIMITATION PROGRAM
1965 - 1968

Introduction

Most of the emphasis in 1964 in the British Columbia fishing industry revolved around the work of the Federal-Provincial Price and Wage Dispute Committee.

The question of licence limitation was raised in many of the briefs presented to the Committee but was not accepted by the Committee as part of its terms of reference.

One of the final recommendations ^{1/} of the Committee, however, dealt with this subject and was as follows:

"The question of licence limitation was raised by most groups. In the light of conflicting views that exist in the industry it is suggested that the matter be re-opened and all interested parties be given the opportunity to present their views in public hearings."

While the Committee was still carrying out its deliberations information had been received from MacKenzie in Ottawa ^{2/} that a moratorium on salmon licences was being considered as a first step in licence control.

^{1/} Confidential Report prepared for the Hon. H. J. Robichaud and the Hon. L. R. Peterson.

^{2/} See letter - MacKenzie to Hourston.

The staff of the Pacific Region recognized that a proper base had not been laid for any licence control program, let alone a moratorium and W. R. Hourston, Regional Director of the Pacific Area, took immediate action by appointing a working committee on licence limitation.

Regional Ways and Means Committee Established

This small working committee of three west coast officials was appointed in September of 1964 by the Regional Director W. R. Hourston as a Ways and Means Committee with the following terms of reference:

"Review the principles and objectives of our present licencing system, and to propose an improved comprehensive licencing system which would lend itself to the adoption of a workable system of licencing restrictions in the future if such a policy is pursued."

The Committee consisted of: B. A. Campbell, C. R. Levelton, and K. C. Lucas, Assistant Regional Director.

Report of Regional Committee

The Committee agreed at the outset that it was premature for the Department to consider a licence limitation plan until the salmon licence system had been changed so that the fishing vessel was licenced in addition to the fisherman.

The Committee did not concern itself with licence control program but with the Department's commercial fishing licencing system.

(1) Review of Licencing System in Effect

The licencing system in effect at that time was reviewed and

it was recognized that the fishing enterprise was not licenced. Gear licences were required and a vessel could have several types of gear licences. Such a system was analogous to Municipal Governments licencing retail store clerks rather than the business establishment. No accurate information was available on the number of fishing vessels engaged in the fisheries.

(2) Licence Fees

It had been recognized that licence fees were too low and it was difficult to set a fair and reasonable fee structure when licence fees were applied only to fishermen or to gear. The Committee recognized that licence should reflect the value on earning power of a vessel based on its type and size. A fair licence fee base would therefore require a revamping of the entire licencing system in British Columbia.

(3) Recommendations

The Committee recommended on September 18, 1964:

I Fishing Enterprise Licence

That all fishing vessels licenced be given a permanent number. The fee structure would range from \$25 to \$1,000 annually per boat based on size. The actual size ranges and fee structure would be subject to continual analysis based on a vessel's earning potential.

II Fishing and Gear Licences

That a combined fishing and gear licence supplemental to a boat licence was desirable. It would provide the

opportunity to assign a levy that would reflect the income opportunity of participating in a given fishery with a particular type of gear. (A possible modification that would also require a differential in the fee structure based on the number of areas fished was explored but tentatively rejected).

III Personal Fishing Licence

That a flat rate personal fishing licence should be paid by all fishermen over 16 years of age. The main purpose of such a licence would be to establish clearly the obligation involved in having the privilege to fish in the commercial fishery. A nominal fee was suggested, such as \$1.00, \$5.00, or \$10.00 annually.

IV Cut-Off Date

That each year there should be a cut-off date for both the salmon and herring vessel gear licences. The date of April 30 was suggested for salmon and September 1st for herring.

These suggestions were forwarded to W. R. Hourston, Regional Director, who was in Ottawa at the time and he discussed the recommendation with the Deputy Minister, Dr. A. W. H. Needler; W. C. MacKenzie, and other interested officials.

Proposals by Ottawa Officials

The Committee's views were considered by the Ottawa Committee and on October 1, 1964, revised proposals to restrict entry to the salmon fishery

of British Columbia were prepared.^{1/} These were forwarded to the Regional office for comment and if there was no major difference in opinion a meeting was to be arranged with fishing industry advisers.

The main points recommended:

- (1) The licencing system should be modified to make the fishing enterprise (vessel and gear combined) the focal point of the licence.
- (2) Licence fees should be raised so that the Government would recover some of the costs associated with maintaining the resource.
- (3) Licence fees should be based on the size of vessel and could be gradually increased.
- (4) Example of type of licence classification included:
 - (a) Under 20' - mosquito boats.
 - (b) 20' - 35' - standard - gillnetter - troller.
 - (c) 35' - 55' - drum seiner.
 - (d) 55' - 88' - standard purse seine.
 - (e) 85' & Over - combination purse seine.

In any classification finalized care should be taken so that large craft would not be penalized and there should be the opportunity for vessels to effect technical and economic efficiency.

- (5) Fishermen would require a personal licence at a nominal fee.
- (6) A gear licence would not be required.

^{1/}

Letter - W. C. MacKenzie to W. R. Hourston - October 1, 1964.

It was unfortunate that this letter from MacKenzie to Hourston was misfiled and was not considered by the Regional Committee until December 21, 1964. A reply was prepared by Lucas, Campbell and Levelton, in consultation with W. R. Hourston, and was forwarded to Ottawa on January 22, 1965. In the meantime, however, the Hon. H. J. Robichaud, Minister of Fisheries, had made a statement in Vancouver that will be discussed at a later point in this chapter.

Regional Comments On Ottawa Proposals - January 22, 1965

The Regional Committee in dealing with Mr. MacKenzie's proposals suggested:

- (1) That the first step dealing with licencing and level of fees is a modification on the present licencing system. Because it was primarily an administrative policy it should be decided by the Department without reference to industry.
- (2) Agreed that the concept of boat licencing was better at this stage than that contained in the Region's memorandum of September 18.
- (3) Until new licence plan had taken effect the need for licence limitation could not be quantitatively established. (Regional officials had continued to express this view.)
- (4) The question of the need for information on graduated licence fees was recognized. Work was started immediately by the Economics Branch staff to work out boat length and earning ratios, so that this information could be used in determining licence fees.

- (5) Agreed that the fishery and gear proposal suggested on the Region's proposals of September 18 could be dropped. (This concession was made in order to simplify and get on with the new system. It should be recognized, however, that the proposal for a gear licence was patterned on actual licencing procedure in effect in Washington, Oregon and Alaska.)
- (6) Made the alternative suggestion that it would be desirable to provide for geographical zoning for boat licences by means of a color code. Boats could be licenced to fish in different protection districts. The fee for a multiple zone licence might be three to five times that for a single zone.
- (7) Agreed that there was no need to have individual fishermen's licence classified by gear or fishery. Single annual \$10.00 permit for fishermen was suggested.
- (8) Stressed that it was desirable that there be a cut-off date for issuance of salmon fishing boats but not for individual permits.

H. J. Robichaud Announced Decision To Go Ahead With Licence Control In 1966

On December 30, 1964, the Hon. H. J. Robichaud was in Vancouver and held a press conference. One of the questions asked at this conference dealt with licence limitation. The Minister said that he had decided to bring in a salmon licence control plan by next year. This was interpreted generally that a program would be introduced in 1965 to be effective in 1966. He also stated that a crash program was being undertaken to assemble

all the necessary statistical and other data so that meetings could proceed between Government officials and industry representatives within the next few months. He advised the U.F.A.W.U. and other groups that he would consult with them before introducing any program. The Minister told the press:

"There are far too many marginal operators in the salmon fishery--we must make sure that a man who chooses fishing as his life work should have full opportunity of making a decent living. We will not rush into this. All organizations will be consulted."

Pacific Trollers' Association Oppose Delay Until 1966

The reaction of the Pacific Trollers' Association to the announcement was immediate and on January 5, 1965, a letter was sent from their Secretary, Stan Stanton, to all Federal Members of Parliament from British Columbia. The letter took issue with an interpretation put on the Minister's statement by the Fisheries Association that licence control would not be introduced until 1966. The Pacific Trollers' Association in their letter stated that the existing overcrowded situation, particularly as it applied to combination troll-gillnet vessels, was to the company's advantage since they finance a large percentage of fishermen involved in that fishery.

The letter went on to ask the Members of Parliament:

".....to disregard suggestions that our fisheries can wait indefinitely for government action on this vital project or they can wait another year.

The Government has had three years to consider the Sinclair Report. They have had three years to consider constructive recommendations from the fishermen. They have delayed the inevitable too long now.

An election in 1965 could see another Government having to wrestle with the problem of licence-restriction, a project that would be new to them. This could incur another long delay, which the fishing industry could not stand.

Since we do not have a Western Minister of Fisheries, we must depend on our B. C. Federal M.P.'s to further the best interests of our B. C. fishermen. We, therefore, ask that you impress upon the Minister of Fisheries the need to institute licence-restriction before the 1965 fishing season commences and before the possible interruption of another election."

This was the strongest statement that had ever been made by the Pacific Trollers' Association on licence control. It was perhaps prompted by the fact that the Minister when he was in Vancouver, had met with representatives of the U.F.A.W.U. and the Fisheries Association on a number of matters but had not met with the Pacific Trollers' Association. It should be mentioned, however, that both these other organizations had made prior arrangements to meet the Minister when he was in Vancouver.

Regional-Ottawa Differences Resolved At Meeting

The statement by the Minister quoted above brought home the urgency of the problem and the need for regional and headquarters staff to agree on a new plan that could be submitted to industry for discussion. On January 28, 1965, when K. C. Lucas, Assistant Regional Director, was in Ottawa he met with Mr. MacKenzie to discuss the exchange of memorandum and to resolve any difference in views onto how the licence control plan should proceed.

At this meeting Mr. MacKenzie was provided with several documents from the Region which included:

- (1) A report by Campbell, dated January 19, 1965, on boat length related to gross returns and fishing which was used as a reference in setting salmon licence fees.

- (2) Draft proposals of January 22, 1965, that had been submitted by the Committee to the Regional Director.

Mr. MacKenzie's initial reaction, together with possible future course of action, was documented and follows:

- (a) - accepted that the vessel would focus for any new licencing plan.
- (b) - suggested that the system needs to be simple and straightforward within limits of objective.
- (c) - favoured the designation of a licence for fishing craft and permit for fishermen to differentiate the two types of licence required.
- (d) - agreed that Ottawa would have to make a policy decision on Indian fishermen as to whether they would get preferential treatment. (Data on Indian fishermen's income was to be supplied.)
- (e) - agreed that the department policy should be to safeguard the orderly management and conservation of B. C. salmon fishery. A control plan might not be acceptable if approached from any other angle.
(This comment was different than view expressed by Sinclair in setting out the terms of reference in his Report.)
- (f) - suggested that the word, "licence limitation" should be avoided and try to find a better definition and term.
- (g) - was not opposed to a moratorium provided some form of entry was permitted.

Uppermost in discussions at this time was the overriding question, "Where do we go from here?" and the following timetable was agreed upon.

Timetable For Action

- (1) The main concepts of the Department's proposal on licencing would be formulated by March 20, 1965, when Deputy Minister

Needler would be speaking in B. C. and selling the program to industry advisers.

- (2) As Minister of Fisheries H. J. Robichaud had committed the Department in putting a plan into effect in 1966. A final plan should be ready and announced by mid-June, 1965.

It was suggested that a program to be successful must receive at least 50 percent support of industry. Each step should, therefore, be staged so that it was not too radical.

The first stage should include:

- (a) a scheme for licencing all commercial and sport fishing craft.
- (b) introduction of a built-in fee graduated on economic rent earning potential at a relatively low level.

It would be announced at the same time that fees would be increased at intervals.

MacKenzie Outlines Rationale Of Licencing For Minister

In March of 1965 Mr. Robichaud had requested a summary of licencing limitation plans that were being developed. Mr. W. C. MacKenzie prepared a very comprehensive review for the Deputy Minister on March 9 which summarized in clear and concise terms the rationale behind the control program in the salmon fishery.

This memorandum stated in part:

"First of all, we should try to eliminate the phrase "licence limitation" from public discourse. It connotes an arbitrary restrictiveness that tends to mislead and to invite a visceral reaction on the part of the ill-informed. Control of entry, of either equipment or manpower, in a fishery does not necessarily mean prohibition of entry.

Imposition of entry control has been urged in order to avoid waste, of capital and labour resources, in fisheries based on common property natural resources but, while this is a perfectly valid objective, it would not appear to be especially urgent in a period when substantial numbers of men are unemployed. Employment in fishing in many cases may return nothing to the nation--in fact it may result in a net loss in the form of excessive administrative costs--but it probably yields an "opportunity" income to those engaged.

Rather than attempting to base a case for entry control on grounds of efficiency maximization in the use of scarce resources, therefore, we should for the present emphasize its relevance to our objectives in resource management and fishery development.

Progressive overcrowding on the fishing grounds adds continuously to the cost of enforcing "escapement" and other regulations for conservation purposes.....

Since the natural supply of salmon is circumscribed by the extant and condition of the habitat, and a maximum annual crop has been harvested for many years, the principal aim of the fishery-development program in the Pacific Area is to increase the salmon supply by cultural means. This will add to the public expenditure for fisheries, particularly in the capital account, and it is here that we find a rationale for raising licence fees in the salmon fishery. It is absurd that there should be virtually free access by a "privileged" group to the use of a resource that is maintained at considerable expense on the part of the general public. At present it would be inadvisable, no doubt, to require the users to foot the bill completely--that would mean a levy of something like 20 percent on fish landings in British Columbia or, alternatively, one of 10 percent on fish products--but a substantial increase in the cost of entry is clearly justified.

For that reason we propose to introduce a licence for fishing craft in the salmon fishery. The fee for this licence would vary with the size (as representing the earning-power of the owner) of the craft, by homogeneous size categories. The fee structure would be fixed at a comparatively low level in the initial years but their introduction should be accompanied by an announcement that they might be raised in the future as the earnings of fishing enterprises increased. The licence would include a numbered plate for attachment to the vessel and would be renewable annually. It would also include an indication of the area and/or fishery in which the vessel was authorized

to operate. There are other administrative details which need not be described here. *

.....

We expect that a relatively high fee scale will discourage the entry in the commercial salmon fishery of certain groups of part-time participants, e.g., sports fishermen and, perhaps, numbers of "moonlighters". This should facilitate enforcement work and thus contribute to the efficiency of resource-management services. Whether it will contribute a great deal to improving the (economic) efficiency of the industry itself is uncertain. Although, as suggested earlier, this is probably not a consideration of immediate urgency, the maximization of efficiency remains an important long-term objective.

At some point, therefore, as time goes on, we may face a need for positive action further to reduce entry to the salmon fishery--and to other fisheries as well. Such action might include a moratorium on the issue of additional licences, i.e., on the entry of additional vessels, and even measures to retire vessels from the fishery. It does not follow, however, that the Department should entertain proposals to restrict entry on bases such as the ratio of the individual's fishing earnings to his total income or the individual's fishing heritage ("grandfather rule"). If the right of free entry is to be preserved, access to the resource should be available to all members of the public, subject only to the payment of an adequate licence fee. Thus, a moratorium or similar measure would have to be accompanied by provision for the transfer and/or sale of fishing-craft licences among owners and operators.

It would seem to be undesirable also--and, perhaps, unconstitutional--to allow officers of fishermen's organizations or other representatives of the industry to have a voice in the allocation of privileges like fishing licences and permits. As argued in the preceding, entry controls should be considered an extension of resource-management administration and this is a responsibility of the Federal Government in the present case. That is not to say that the actual administrative procedures might not be turned over to a special agency or board, which, in turn, might make use of industry advisers.

The position of Native fishermen under the present and future phases of this plan remains to be considered. They number about 2,500, which is slightly more than 15 percent of the total labour force in the primary fishing industry of

* Consideration is being given to the introduction of a licencing system for sports-fishing craft also.

British Columbia. Unlike those of certain other ethnic groups, their number is not increasing. Since the pressure on the resource has been created by a civilization that submerged the traditional culture of the Native people, and since these people currently encounter peculiar difficulties in finding employment outside the fisheries, the group probably deserves special treatment. This might be provided by continuing for the present to issue licences to Native fishermen at a nominal fee or by arranging with the authorities responsible for Native welfare to subsidize the purchase of fishing licences by the Natives.

The main philosophy expressed in this memorandum formed the basis for Government policy on licence control in the salmon fishery in British Columbia and in the Lobster Fishery in the Maritimes.

Deputy Minister Outlines Salmon Licence Control To Industry Groups

Dr. A. W. H. Needler arranged to meet with representatives from each fishing industry group the latter part of March of 1965. Many topics were covered at these meetings but one of the main concerns of each group was the department's proposal for licence control.

The steps as outlined by Dr. Needler to the meetings included:

- (1) A system of licencing boats would be inaugurated by April 1, 1966. The question of a licence for sport fishing would be discussed with the province.
- (2) There would be a separate licence required for salmon fishing.
- (3) An Advisory Committee would be formed with two members from each branch of industry to consider tentative proposals.
- (4) Steps taken after 1966 would depend upon what happened as a result of change in licencing procedures and fees.
- (5) If increased licence fee was not a sufficient restriction, consideration would be given to a substantial licence fee for new entrants.

Dr. Needler also announced that a special report was being prepared on analysis of earnings by boat size.

He also announced that:

- No moratorium on new licences was planned;
- The actual level of fees was still under consideration;
- Consideration was being given to using funds from increased licence fees to buy old boats and retire them from the fishery.

Comment

The major problem that faced the Department in introducing a licence control program for salmon was the problem of communicating and obtaining advice from industry and at the same time not providing any segment of the industry with the opportunity of capitalizing in advance on action that was going to be taken.

Department officials recognized that a moratorium at some time would be necessary, yet this could not be announced in advance or there would have been activity by many people to get in before the cut-off date. It was for this reason that the Deputy Minister in his meeting with the industry in March was very guarded in his statements as to the future of the licence control plan.

New Licencing Procedures Drawn Up

Following the Deputy Minister's meeting in March a working committee was established in the Region to recommend steps to be taken to implement this new licencing procedure.

The Committee consisted of B. A. Campbell, M. P. Houghton, Assist.

Chief of Protection Branch, S. L. Young, Ass't. Chief of Economics, W. A. Scholey, Financial Officer. This group was charged with making all the necessary administrative arrangements for introducing boat licencing, including designing the application forms, deciding on the type of licence that would be issued and on methods of distribution.

The Committee decided that all vessel and salmon licences would be issued from Pacific Regional Headquarters in Vancouver, while personal licences would continue to be issued by Fishery Officers in each area.

A copy of the complete report of the Working Committee is appended. (Appendix VIII)

The Committee also reviewed licence vessel and salmon fees in the Pacific Coast States in order to provide some comparison for the Department in establishing licence limitation fees.

Industry Advised Of Suggested New Licencing Procedures

On July 28 a letter was sent out under the signature of Dr. Needler to all industry groups to the following effect:

"I am authorized by the Minister to announce the Department's intention to institute a change in the licencing system by April 1, 1966, to provide for the licencing of fishing craft as well as the licencing of fishermen. This is a necessary first step to provide a framework under which further action to control entry into the fishery could be carried out.

.....

As a basis for discussion with the industry, the Department tentatively proposed to take the following steps, starting April 1, 1966, towards controlling entry in the salmon fishery of British Columbia."

The letter also set out details of the new licencing plan.

(1) Licencing of Fishermen

- (a) captain and owner operators would require a licence.
- (b) obtainable from Fishery Officers.
- (c) licence fee - \$5.00.
- (d) no licence required for crew member.

(2) Registration of Fishing Craft

- (a) all vessels, excepting auxiliary vessels engaged in the commercial fishery would be registered.
- (b) application by person or mail to Pacific Area office in Vancouver.
- (c) upon registration, vessel would be assigned permanent number, certificate of registry, and two metal plates.
- (d) registration renewed annually and validation tab issued to be affixed to plates to show that licence renewed.
- (e) annual registration fee - \$10.00.

(3) Permits For Salmon Fishing

- (a) special permit required to fish for salmon.
- (b) application to be submitted by March 31 of each year.
- (c) metal tabs to be affixed to registration plate would be issued along with certificate.
- (d) fees would be based on size of fishing vessel and would be based on following considerations:
 - (1) necessity for reducing intensity of operations.
 - (2) need for resource users to share in the financing of research and rehabilitation projects.
 - (3) the desirability of establishing a fund for the purchase and retirement of excess and/or outmoded equipment in fisheries.

(e) fee structure initially to be set as follows:

Under 15 registered tons...	\$ 40.00
15 - 49 registered tons....	\$ 75.00
50 tons and over.....	\$125.00

Reaction From Industry Advisory Meeting - August, 1965

The Deputy Minister, Mr. MacKenzie and the Pacific Region's advisory group met with industry representatives in Vancouver on August 19, 1965, to review the department's latest proposals on licencing.

The industry views on the government proposals were summarized as follows, together with the comments of Regional Committee following the industry meetings.

(1) Licencing of Fishermen

Most industry groups favoured the continuance of licencing of assistants and crew members on fishing vessels. Most organizations opposed any change in Canadian Citizenship requirements as a qualification for a commercial fishing licence.

It was the Regional Committee's view that the proposal which called for elimination of assistant's licence was not fundamental to the program and in view of opposition from industry representatives could be readily modified.

(2) Registration of Vessels

There was general agreement from industry representatives that this proposal was acceptable as presented. The U.F.A.W.U. representatives did suggest substituting a \$10.00 initial fee and a

\$1.00 annual fee thereafter; however, there was no really contentious discussion on this part.

(3) Permits For Salmon Fishing

This proposal met with mixed reception from the groups represented at the August 19 meeting.

There was little opposition to the idea of a salmon fishing permit. Most representatives expressed doubt that the scale of fees suggested would be any deterrent to boats to engage in salmon fishing. Some representatives, however, expressed the opposite view that the suggested level of fees would create a hardship for small gillnet and troll fishermen and some native fishermen.

Representatives of fishermen's organizations were concerned that money for these fees would have to be borrowed from companies and because of this companies would have more control over licensing.

Representatives of Indian fishermen expressed concern that this proposal would provide an excuse for companies to refuse to licence boats for Indian fishermen.

The date deadline of March 31 for salmon permits was opposed and a later deadline of May 31 was suggested.

The Departmental Committee had not seen this magnitude of salmon licence fees as a deterrent except for those persons who took out licences and were a "nuisance element". It was agreed the schedule of fees could be revised so they would have a deterrent effect on the "occasional" fisherman. The fees should also be graduated on basis of size and as long as the principle of increased

licence fees was introduced, the actual fees could be adjusted at a future date.

The Committee agreed that a May 31 deadline was acceptable and probably more realistic.

(4) Additional Proposals

The industry representatives raised the question of an appeal board being formed that would represent fishermen's organizations.

The authority for issuing licences comes within the exclusive jurisdiction of the Minister of Fisheries and rather than have an Advisory Committee it is suggested that certain prescribed conditions be laid down which would allow the Minister to issue or permit after the deadline date. These might include:

- (1) serious injury or sickness of applicant
- (2) loss of vessels
- (3) loss or delay in applications resulting from circumstances beyond the control of applicant

The views of the industry representatives and the comments of the Regional Committee were considered by the Hon. H. J. Robichaud and Dr. A. W. H. Needler. On September 24 Dr. Needler wrote Mr. Hourston and advised him that, "the department was in agreement with the modification suggested by industry and by the Regional Committee."

The main question to be finalized was the fee structure and Dr. Needler asked that a further submission be prepared that could be presented to the industry.

The question of the appropriate means of handling appeals was also to be decided at a later date.

Announcement Of Decision On Licencing Changes

On December 1, 1965, an official announcement on the new licencing system was issued in the form of a press release. Under the licencing system then in force, all licences expired at the end of the year. Fishermen were advised that the deadline date for expiry of 1965 licences would be extended until March 31, 1966, after which the new system would go into effect. Anyone wishing a licence for the period, January to March, 1966, would be required to take out a 1965 licence for the usual fee.

Effect Of Licence Changes On Unemployment Insurance Regulations

One problem that had not been anticipated in the new plan was its effect on other departments. When the new plan was announced the Unemployment Insurance Commission was immediately concerned because the U.I.C. regulations were worded in such a way that in the event of a strike in any particular part of the fishing industry of British Columbia, any person who held a commercial fishing licence for a particular fishery, either during the current or preceding year, would not be eligible for Unemployment Insurance benefits.

Under the new system fishermen would not have a licence related to a particular fishery. In the event of a strike in one segment of the industry the Unemployment Insurance Commission would no longer be able to use the licence record as a basis for determining the fisherman's eligibility. After discussion with the Commission and with the industry it was agreed that the Commission could obtain from fishing companies a list of all fishermen who engaged in the more limited fisheries, such as trawling, herring or halibut the previous year and this could be used as a basis for determining eligibility for Unemployment Insurance. It was agreed that

the U.I.C. number would be asked for on all fish tickets.

Advisory Meeting - February, 1966

(1) Licencing and Publicity

Deputy Minister Dr. Needler's next meeting with the representatives of the industry groups was delayed until February 16, 1966. At that meeting the licencing forms were discussed and the publicity program that was under way was reviewed.

(2) Appeal Committee

The question of an Appeal Committee was reconsidered. Dr. Needler agreed that a working party of industry representatives would be formed with the following terms of reference:

"to develop criteria and procedures for handling applications received after May 31 and reviewed with the Department how procedures are working through the season."

He also suggested that other responsibilities might develop in the future for this working party.

The question of who could make application for the vessel licence was discussed. Some felt it should be the owner--others the operator. The matter was not finalized.

(3) Minimum Vessel Standards

It was being suggested that unless the vessel possessed a certificate of inspection it could not be licenced for fishing and suggested a separate working group be established.

The industry representatives were unanimous in the need for a minimum standard program but it should not be part of a licence

control plan. The question of jurisdiction of different government departments on the matter of vessel standards was raised.

(4) Graduated Fees For Salmon Vessels

At this time, Dr. Needler and W. C. MacKenzie made a number of definite statements which were interpreted by the representatives at the meeting as being representative of government policy.

Mr. MacKenzie stated that the salmon licence fees were basically intended as a means of collecting some rent from fishermen for the privilege of using the resource.

Dr. Needler said that from 1966, the Department was not going any further in licence control than had already been outlined. Consideration of a moratorium on licences would be for discussion purposes and not intended as a government commitment. He asked for ideas for 1967 that might be put forth as proposals.

Salmon was the only species of fish under consideration for limitation.

Suggestions for a basis that might be used for a salmon licence fee included:

- (1) tonnage of vessel
- (2) number of days fished
- (3) poundage caught
- (4) length of the vessel

The question of the Federal Government's jurisdiction of assessing a licence fee based on poundage was raised.

The Fisheries Association representative stated that if fishermen were to be limited there should also be a limitation on the number of buyers.

Following the discussion Dr. Needler concluded that no one appeared to be in favour of a graduated fee structure of salmon vessels and therefore he would recommend that the fee structure would be left for the present, as previously proposed.

(5) New Suggestions For Restricting Entry

I Higher fee for new entrants - The consensus was that a high licence fee would only increase cost of new construction. Dr. Needler concluded that the meeting felt the higher charge would discourage efficiency and therefore discarded the idea.

II Moratorium on new entries - Dr. Needler suggested that this was one of the first proposals for limitation that had been suggested but there were many different ways of implementation and he wanted to hear the official views of the different organizations. Suggested that a complete moratorium would create an old fleet - have to be some provision for replacement. The Union continued to press for a moratorium based on the fisherman but if on boats the only new ones that should be allowed would be if the applicant was a fisherman. (A fisherman would be defined as a person obtaining a certain percentage of total income from commercial fishing.)

Dr. Needler stated that the present thinking was towards a moratorium on new vessels on the understanding they would be transferable between owners and provision would be made for replacement or retirement. There was also some thought being given to

renewal of licence based on participation in the salmon fishery.

This observation of Dr. Needler's at this meeting appeared to go unnoticed at the time but has formed the basis of much of the government's policy on salmon licence control since that time.

The Prince Rupert Fishermen's Co-operative representative continued to express opposition to any form of licence control except that based on the application of vessel standards.

The Native Brotherhood of B. C.'s representative expressed strong concern that this group would be discriminated against in the event of a vessel moratorium because of the number of Indians using rented vessels.

Dr. Needler summarized the views of those present by stating that there appeared to be general, but not unanimous agreement, that there should be a moratorium.

The basis for a moratorium was then discussed to be either:

- (a) on fixed value of catch of a fishing vessel,
- (b) on proportion of income of fisherman.

The U.F.A.W.U. and the Pacific Trollers' Association favoured the suggestion that a percentage of income of a fisherman should be the basis of a moratorium.

The Fisheries Association representative stated that if company financing were a problem the Fisheries Association would be prepared to listen to an alternative plan. Any decision, however, had to be left to the individual as to whether to enter or leave the industry.

(6) Further Meeting Planned.

Dr. Needler agreed that further discussion would be held to establish policy for more definite proposals the following year. Dr. Needler suggested a meeting late in the summer but concurred with the suggestion for a May meeting. In the meantime, groups were asked to submit any revised view on licencing limitation in writing.

The atmosphere at these two meetings with industry representatives was very promising. It had been recognized that major changes in policy would be difficult to implement unless there was a basic understanding by those affected of the problems involved.

Dr. Needler outlined a very definite policy position to the meetings and allowed representatives the opportunity to suggest changes which were accepted within the limits of the policy framework.

Major decisions on the probable direction of a salmon licence control program were being made at this stage and fishing industry representatives attending must have been aware of the fact.

Meeting Of Working Committee To Discuss Guidelines For Issuing Licences

Immediately following the meeting with industry representatives in February of 1966, the Deputy Minister as agreed established a "working group" from industry to discuss guidelines for handling applications for salmon licences received after the May 31 deadline.

The Committee ^{1/} under the chairmanship of W. R. Hourston, Regional Director of Fisheries, met on May 25, 1966, and representatives of four of the six major organizations attended. The chairman outlined the terms of reference for the Committee as follows:

"To develop criteria and procedures for handling applications after May 31st and review with the Department how procedures are working through the season."

The Chairman added that while the working party as a group would set the guidelines, decision and mechanics for administration had to rest with the Department.

The Committee recommended the following exemptions to the May 31st deadline:

- (1) Vessels under construction - application would be accepted after such vessels licenced or registered with the Department of Transport.
- (2) List of damaged vessels - if boat was lost another could be licenced to take its place. - if boat was damaged another could be licenced in the interim but the licence of the damaged vessel would have to be surrendered pending repairs. The replacement licence would be returned when original vessel was repaired. There would be no refund of licence fees for other licence in such cases.
- (3) If a fisherman sold his vessel outside the industry - he would be permitted to licence a newly acquired vessel.

^{1/} Department of Fisheries - W. R. Hourston, B. A. Campbell, M. P. Houghton, S. L. Young. Homer Stevens (United Fishermen and Allied Workers' Union), R. Stanton (Pacific Trollers' Association of B. C.), F. Buble (Fishing Vessel Owners' Association of B. C.), Ken Campbell (Fisheries Association of B. C.)

- (4) Indians, as defined in the "Indian Act" would be exempt from the deadline provision the first year. Company, however, would not be exempt on vessels rented to Indians.
- (5) Persons unaware of the deadline date - such as those in hospitals or out of the province or for some other valid reason, who had fished salmon commercially in either the past two years were to be given favourable consideration.
- (6) Other reasons not specifically listed above could be considered by the Regional Director.

The Committee recommended that some leeway had to be given the first year but all late applications should be recorded so that they could be reviewed at a later date.

It was anticipated that the Committee might have to meet subsequently but the number of late applications were minimal and all of them fell within the guidelines as laid down in the original meeting.

Need For Action On Licence Control Anticipated

Departmental officials were aware of the increasing pressures that could be expected for the licence control program once the new salmon licencing program was implemented.

MacKenzie's Recommendations To The Deputy Minister

In July of 1966, W. C. MacKenzie, Director General of the Economics Service in Ottawa, met with Messrs. Hourston, Campbell and Levelton in Vancouver. Following that meeting MacKenzie prepared a memorandum for the Deputy Minister outlining possible measures that could be taken to control salmon licences.

These included:

- (1) Imposition of a moratorium (freeze) on the issuance of licences for salmon fishing.
- (2) Establishment of a fund for the purchase and retirement of salmon fishing craft.
- (3) Institution of a levy on salmon landings.

This salmon memorandum proposed a plan of action for freezing licences. This provided that:

- (1) only those vessels that had been licenced to fish salmon in 1966 and had engaged in the salmon fishery during the year would be licenced to fish in 1967.
(Term - engaged still had to be defined and appropriate criteria in terms of number of weeks or value of sales were to be considered.)
- (2) number of vessels licenced would be divided into three sub-groups:
 - (a) owned and operated by Indians.
 - (b) owned by fishing company.
 - (c) all others.
- (3) in sub-group (b) the company would be required to employ the same number of Indian skippers (although not necessarily the same individuals as in 1966).

The plans were to be proposed to the fishermen's organizations and had two main purposes:

- (1) to protect the Indian fishermen
- (2) to make it impossible for companies to acquire additional segments of the fleet

To enforce the groupings shown here, it would be necessary to register all transfers.

Some basis would have to be worked out for replacement of vessels.

At the same time, MacKenzie outlined a detailed plan for setting up a Committee for the Administration of Entry Control under the direction

of the Regional Director in Vancouver. An Appeal Board would also be established.

Following receipt of this memorandum Dr. Needler summoned Messrs. Hourston, Campbell and Houghton to Ottawa early in September of 1966 to discuss the entry program proposals.

Administrative Problems Of Proposals Raised By Campbell

At the meeting in Ottawa held on September 14, 1966, Mr. Campbell presented up-to-date information on licencing and outlined some of the administrative problems that would be faced, particularly as related to boat ownership as applied to the three different categories proposed in MacKenzie's memorandum. Joint ownership, owner of vessel other than fisherman, vessels being purchased under Agreement for Sale are in name of fishing company. He suggested that initially fishing companies be asked voluntarily to decrease the number of vessels licenced by a certain fixed percentage. If they were not prepared to co-operate then the earlier suggestion that the owner of a vessel be required to be the operator might be considered.

He also recommended that a participation factor of a minimum of six weeks could be required if a sharp reduction in the number of non-professional salmon fishermen was desired.

The meeting held in Ottawa recognized these problems but decided they could be dealt with by regulations, and agreed to put forth a proposed program to industry advisers.

Proposals For Entry Control Submitted To Advisors On Confidential Basis

Accordingly, on September 16, a confidential letter was sent under the signature of W. R. Hourston, Regional Director, to all members of the Advisory Group on Licence Control advising them of a meeting to be held on September 26, 1966, to consider the following proposals:

Salmon licences in 1967 would be issued:

- (1) Only to vessels that:
 - (a) had been licenced to fish in 1966, and
 - (b) had engaged in the salmon fishery during that season.

Eligibility under (b) would be based on a record of a minimum quantity of salmon landed.

- (2) The licenced fleet would be divided into three groups as follows:
 - (a) vessels operated by Indian fishermen and in which they have an equity
 - (b) vessels operated by fishermen other than Indians and in which such operators have an equity
 - (c) all others

Transfer (sales and bequests) would be permitted within each group. Inter-group transfer might also require consideration.

- (3) Replacement of existing commercial salmon fishing vessels by other vessels, including new vessels, would be permitted without restrictions except those less than 45' in length would have to be replaced by others under that length.

The letter to industry advisers also stated that the adoption of Proposal (1) would exclude from the salmon fishery some vessels that have a legitimate claim to be licenced and criteria for such exceptions would have to be established.

Third Meeting With Industry Advisers - September, 1966

The third meeting with industry representatives was held on September 22, 1966, under the chairmanship of Dr. A. W. H. Needler, Deputy Minister. At the meeting were three representatives of most of the fishing organizations plus observers from the Provincial Commercial Fisheries Branch and the Department of Indian Affairs. The Department of Fisheries was well represented by Dr. A. W. H. Needler, W. C. MacKenzie, C. R. Levelton, and J. Carton from Ottawa, and by W. R. Hourston, B. A. Campbell, M. P. Houghton, R. E. McLaren, and S. L. Young from Vancouver.

(1) Report Reviewed

Mr. B. A. Campbell reviewed two reports that were subsequently tabled:

- (1) A preliminary report of commercial fishing vessel registration - 1966.
- (2) A chart presentation of salmon vessels, by length frequencies, by different gears - 1966.

(2) Mackenzie Reviews Proposals

Mr. MacKenzie reviewed the background of the proposals that had been submitted by letter to the advisory members.

Under the first proposal the qualification of participation might be based on days fishing, number of deliveries, value of catch, poundage, or some combination of these.

The second proposal was designed to protect the Indians and prevent those aspects of vertical integration that might be undesirable.

The third proposal was to provide an arrangement so that technological efficiency was not stopped.

The U.F.A.W.U. representatives were not satisfied with the proposals and continued to press for limitation of individuals and not-vessels. They also suggested again that percentage of income should be used as a basis for issuing salmon licences. They asked that independent operators be given the opportunity to submit other proposals.

The Fishing Vessel Owners' Association delegate wanted any participation requirement extended to include 1967. This proposal implied that any control plan either would be deferred until 1968, or anyone who applied would get a salmon licence in 1967.

(3) Committee To Be Formed To Discuss Vessel Standards

Dr. Needler announced that another committee was to be formed to discuss the minimum qualifications of fishing vessels having regard to quality.

Because the industry advisers would have to review these questions with their members it was agreed that a press release would be issued outlining the proposals and the subjects discussed at these meetings.

Minister Announces Licence Control Proposals For 1967

On October 5, 1966, the Press Release was issued in Ottawa under the authority of the Hon. H. J. Robichaud, Minister of Fisheries. The Release mentioned the meetings that had been held and on the fact that no decision on a restricted vessel licence policy had been agreed to pending further discussion later in the year.

However, the Minister stated, "fishermen and others are warned that no assurance can be given at this time that a licence will be issued for a vessel to engage in the salmon fishery in 1967 unless the applicant had a vessel licenced for salmon fishing in 1966, or unless arrangements for acquiring the vessels to be licenced had been completed prior to this announcement."

Industry Requests Clarification

Immediately the announcement was made, queries requesting interpretation of the announcement were received from all branches of the industry.

Problems of Implementation

Some of the main problems were summarized in a statement prepared by Mr. Campbell entitled, "Implications of Licence Control Announcement of October 5, 1966."^{1/} in which he pointed out the main reasons for confusion.

"Unfortunately, the owner of the salmon fishing vessel, the applicant for the salmon licence and the operator of the fishing vessel are not synonymous and in any measure of control it is necessary to stipulate either the vessel owner, applicant or operator as being the person or group that is to be controlled.

^{1/} Implications of Licence Control Announcement of October 5, 1966, B. A. Campbell, Chief, Economics Branch, Pacific Region - Unpublished Document, October 8, 1966.

It would be possible at the time of registration in 1967 to reduce these three groups to two by requiring the owner of the vessel to be the applicant. The owner would include anyone owning or acquiring a vessel under any type of Agreement for Sale. Once this was done it would mean only two groups to consider--the owner of the vessel or the operator.

Because company vessels are included in the three categories to be controlled it would appear that the intent of the recommendation as it now stands is to be tied to ownership only.

It would be difficult, if not impossible, to administratively enforce the number of vessels by the three categories that have been suggested. To do so would require that each time a vessel changed hands it would be necessary for the Department to review the sale and decide whether the vessel could be licenced for salmon by the purchaser. Once a vessel had been licenced for the year or had a salmon plate, it would be impossible to know whether that vessel was owned by a person in some other category than the one who had taken out the licence."

Another major problem that was raised by fishermen centered around the phrase, "arrangements for acquiring vessels had been completed prior to this announcement." Many fishermen make verbal arrangements with shipyards to build vessels during the winter and the regulation as written would require a more positive approach. In the meantime, before a regulation could be passed, fishermen planning on building new vessels would make sure that their plans were finalized in a meaningful way.

Licence Control Proposal For 1967 Cancelled By Minister

On October 28, the Hon. H. J. Robichaud issued another press release which referred to the earlier proposals for limiting salmon vessel licences. He then went on to announce that it would not be possible to implement the Department's proposal in 1967 because of unforeseen difficulties which would require more detailed discussion than had been

anticipated with fishermen and the industry in British Columbia. He also announced that further meetings would be held to discuss all aspects of the problem.

This statement by the Minister effectively stopped any plans for implementing any salmon licence control programs in 1967. While it had been anticipated that industry advisers were to be recalled before any new plan was proposed it was also obvious that the Minister of Fisheries was not prepared to introduce another plan that would meet the same type of reaction of the earlier plan.

No further meetings with industry advisers were held during the next year and it was not until November of 1967 that Dr. A. W. H. Needler again asked that the question of vessel standards be raised as an alternative approach to entry control.

Working Party Formed To Review Standards For Salmon Vessels

A working group of government officials, under the chairmanship of J. G. Hutchison of Ottawa, was appointed to work with regional officers from the Conservation and Protection Branch, Industrial Development Branch, Fishermen's Indemnity Plan, the Inspection Branch, and the Fisheries Research Board Technological Station, with a view to developing tentative proposals for safety and standards for boats and fishermen that would improve the quality of fish landings and achieve a better quality production.

The working group held its first meeting on November 28, 1967, and recommended:

A combined requirement instrument established for issue of a salmon licence containing the following items:

- (1) Safety standard for vessel to include present minimum requirements plus any other desirable equipment with Fisheries;
- (2) Vessel to conform to Schedule "F" of the Fish Inspection Regulations;
- (3) Operator to pass a quick test - such as motor vehicle test to indicate he understands the proper handling of fish. A manual to be prepared for study.

These recommendations were to be included as an item on the agenda of the meeting of the Salmon Licence Control Advisory Committee that was to be held in the spring of 1968.

In the meantime, W. C. MacKenzie had visited Vancouver at the request of the Fisheries Association and had discussed with the regional departmental staff new steps that might be proposed to overcome the difficulties encountered in the 1966 licence control proposals.

R. L. Payne Submits Proposals For Licence Control

R. L. Payne, President of J. H. Todd & Sons in Vancouver and a representative of the Fisheries Association of B. C. on the Industry Advisory Committee, in November of 1967 had put forth a series of recommendations to deal with salmon licence control.

The basic recommendations called for the Department to adopt a method of gear control in the salmon fishery which would recognize the requirements of all segments of the industry. Mr. Payne noted that previous proposals had failed to gain acceptance because of administrative difficulties arising

from an inability to find a common solution to the requirements of the various interested groups.

His specific program suggests:

- (1) all salmon boats be licenced by size categories
- (2) an owner would be permitted to build a new vessel within his own size category providing a vessel was withdrawn
- (3) all licenced salmon vessels would be allowed to engage in any type of salmon fishery
- (4) licenced vessels would be transferable
- (5) a licenced vessel owned by an Indian could only be sold to another Indian
- (6) corporations allowed to own vessels to ensure that processing and marketing organizations can, within limits, predict its share of the catch
- (7) freeze the number of buyer's licences and existing licences must be transferable
- (8) establish moratorium and then buy existing licences at an upset price for each category of licence. Funds to come from an increased annual licence fee
- (9) when fleet reduced to appropriate size, then increase funds will be available to be used for cost of resource development and administration.
- (10) when it becomes necessary to increase the fishing effort, new licences will be auctioned.

Comprehensive New Plan Proposed By Campbell

Following MacKenzie's visit to Vancouver, in December of 1967, Campbell put together a review ^{1/} of the various approaches that had been

^{1/} Detailed Plan for Licencing Vessels for Salmon Fishing in British Columbia - B. A. Campbell, Pacific Region - Vancouver - December, 1967.

suggested for limiting licences and then proposed an overall plan to cover all types of salmon fishing.

Mr. Campbell suggested that in evolving a master plan for proper utilization of the resource that tidal sport fishing should be considered as an integral part of the plan.

Three types of licences were proposed for vessels engaged in salmon fishing:

- (1) Sport Fishing - Differential between resident and non-residents.
- (2) Semi-Commercial - Based on size of vessel and restricted to certain specified areas - exempt from licence control.
- (3) All other commercial licences - subject to control measures. There would be differential in annual salmon licence fees in three separate categories:
 - "A" - for present owners - salmon licence fees would be increased somewhat and would be based on size of boat
 - "B" - for new owners - annual salmon licence fees would be higher than for present owners
 - "C" - for owners of new vessels - annual licence fee schedule would be substantially higher.

These were the main concepts but the report went on to suggest in detail how the program could be implemented. A copy of the complete report is appended. (Appendix IX)

After his visit to Vancouver in December of 1967, Mr. MacKenzie returned to Ottawa and reviewed the suggestions received from the Fisheries Association and the Regional office, including the detailed plan set forth by Payne and Campbell. At the same time he had been working on background papers which were to be distributed to the industry advisory group.

MacKenzie Prepares Documentations On Rationale For Licencing

The first of these was "An Investigation of Some Costs in the Primary Sector of the Salmon Fishery of British Columbia." ^{1/} In this paper Mr. MacKenzie was attempting to isolate all the cost associated with each of the salmon fisheries to arrive at a net return for fishermen.

In his second paper entitled, "On the Public Cost of Maintaining the B. C. Salmon Fishery", ^{2/} he carried the analysis one step further and attempted to allocate all government costs associated with the salmon fishery of British Columbia. These costs included not only direct costs incurred by the Department of Fisheries but also such things as Unemployment Insurance, Public Works, Navigation aids, etc.

These two papers were intended to provide an explanation as to the Department's approach to entry control--that is on the basis of investment (equipment) rather than employment (manpower).

Sequence Of Steps For Introduction Of Control Program

In a memorandum to the Deputy Minister in March of 1968, Mr. MacKenzie refers to what he had considered earlier a logical sequence of steps in adopting a licence control program.

These steps were:

- (1) Establishment of a registry of fishing craft and a licence for salmon fishing.

^{1/} These papers were preliminary and restricted and were for
^{2/} discussion purposes only and were not finalized.

- (2) Establishment and enforcement of standards for fishing craft registration
- (3) Creation of a fund to purchase vessels offered for withdrawal from the fisheries
- (4) Enforcement of direct restriction on the number of vessels permitted in the fisheries
- (5) Enforcement of measures to approximate the economic surplus of the fishery (i.e., graduated entry fees or levy on landings).

The sequence of the steps for control was the major difference in approach between the headquarters approach as represented by Mr. MacKenzie, and the Pacific Regional approach as set out by Mr. Campbell.

Mr. MacKenzie suggested that the fifth step, namely, increased fees should only be imposed when the salmon fleet had been reduced. Mr. Campbell, on the other hand, expressed the view that as long as fees remained low, any surplus was being dissipated in the form of additional investment in vessels and was not accruing to the fisherman in the form of higher returns. Campbell recommended that fees should be increased gradually as a second step towards licence control.

The Regional Officials were also reserved in their opinion on the question of vessel standards. This was a very nebulous program and the final quality of product depended to a large extent on the fisherman rather than on the boat.

MacKenzie in his memorandum commented on Payne's approach, particularly the proposal dealing with freezing of buyers' licences. This was a question that came under provincial jurisdiction and entirely apart from the opposition that would come from fishermen the matter would be complicated because of the joint Federal/Provincial jurisdiction.

Mr. MacKenzie agreed with Campbell's approach that a licence program should embrace both sport and commercial fishermen but disagreed with his

suggestion that there should be a system of graduated fees. Mr. MacKenzie expressed the view that it would be undesirable to impose steep licence fees until an "economic surplus" was being produced in the salmon fishery.

Reference was also made in the memorandum to the problems associated with the Indians and concluded by suggesting that because none of the solutions suggested to date were completely satisfactory, it could be that a satisfactory solution was unattainable.

It should be recognized that this memorandum was written at a time when a minority government was obviously coming to the end of its term of office and an election was in the offing.

Fourth Meeting Of Advisory Committee - April 1, 1968

Dr. Needler met the industry advisory group on April 1st to provide additional background information on licence control and to discuss the next step in the program.

Mr. MacKenzie reviewed three papers which were being prepared for the purpose of providing necessary information on the whole question of licence control. These included the two papers that Mr. MacKenzie referred to in his memorandum to Dr. Needler of March, 1968, and an additional one entitled, "Entry Control in the B. C. Salmon Fishery." ^{1/} (See Appendix X).

This paper provided an economic rationalization for placing the emphasis on the salmon vessel rather than on the fisherman. The last mentioned paper was distributed to members but the first two dealing with

^{1/} W. C. MacKenzie - Department of Fisheries - Ottawa, 1967.

costs were withheld pending final editing.

The Deputy Minister discussed the special problems associated with Indian fishermen and it was apparent that these problems had been part of the reason for the withdrawal of the previously announced plan in October of 1966. Discussions were currently under way in Ottawa between the Department of Fisheries and the Department of Indian Affairs on all aspects of licence control and would be discussed with the Indian people.

The Deputy Minister said that in his opinion the next step should involve a moratorium within certain vessel categories but making allowance for replacement because of age and loss of vessels. Following that the subsequent step should involve the implementation of financial measures necessary to allow men to withdraw from the fisheries. At this stage an increase in licence fees might be a necessary companion.

The prime consideration on the program should have the air of protecting people in the industry and any change should be on a voluntary basis.

Dr. Needler then completed the discussion by advising the group that a moratorium could not be announced in advance. A moratorium would be followed a year later by subsequent steps as discussed previously.

He announced that the government had already made the decision that no increase was to be allowed in the Department's 1969 estimates and therefore there would be money available in that year to be used to retire vessels.

Dr. Needler also asked each organization to name two representatives to the working committee under J. S. Hutchison which was dealing with minimum quality standards for salmon vessels. Any proposals recommended by the standards committee would not be adopted until they were fully discussed with the fishermen.

The meeting concluded by advising the committee members that the subjects discussed were confidential as far as the press were concerned but members were free to discuss the subjects with their members.

General Election Called And Majority Government Elected

On April 25, 1968, the minority Liberal Government under the new leadership of the Hon. Pierre Elliott Trudeau, called a general election for June 25, 1968.

In the meantime, plans for any extension of the licence control program were shifted until the new government was formed.

A majority Liberal Government was elected on June 25, 1968, and the Hon. Jack Davis, Member for Capilano in British Columbia, was named Minister of Fisheries.

His selection as Minister of Fisheries marked a new era in the salmon licence control program as will be discussed in the next section of this report.

APPENDIX I

U.F.A.W.U. SUBMISSION RE "LICENSE LIMITATION - B. C."

In response to the invitation to submit to the Department of Fisheries in written form our views in regard to Dr. Sol Sinclair's Report on "License Limitation - B. C." we have in general divided our representations into two sections. In one section we comment on certain aspects of the Report and in the other we have endeavored to explain the course of action which we urge the Federal authorities to implement in order to seek an effective solution to the problems which the Sinclair Report was intended to investigate.

Since the question of "what shall we do" is more important than opinions as to one or other aspect of the Sinclair Report we have however inserted a summary of our proposals at the beginning of this submission, in the hope also that further discussion and consideration will be focused on this primary question.

SUMMARY OF U.F.A.W.U. PROPOSALS

We propose:

1. The institution of a five-year moratorium period (1962-1966) during which time, subject to such exceptions as may be established by regulation, fishing licenses will be granted only to persons who held fishing licenses in 1960 or 1961 and who can show that in either of these years 30% or more of their income for that year was derived from earnings as a commercial fisherman.

2. It should be a clearly established condition for the issuance of a fishing license in all future years that the holder intends to use it as a primary means of earning his livelihood and that failure to use fishing licenses in this way will lead to the non-renewal of the license.

For renewal of licenses in 1963, proof that the license holder derived 30% of his income for the previous year from commercial fishing should be required. This percentage to be increased to 40% for renewal of licenses in 1964 and to 50% in 1965 and subsequent years.

3. Persons holding fishing licenses may accept other employment in the fishing industry not requiring such licenses (e.g., employment in processing plants, net work, on packers, or in offices of any organization in the fishing industry including the Department of Fisheries, a union organization, a co-operative or a fishing company). Persons engaged in such employment in the fishing industry shall not forfeit entitlement to receive or renew a fishing license if otherwise qualified.

4. Persons refused issuance or renewal of a fishing license solely on the ground that he did not derive a sufficient percentage of his income in the previous year from commercial fishing shall have the right to appeal such refusal to a Board of Review and the Board shall have the right to renew the license if it is shown that there were special circumstances (such as illness or accidents) that prevented fulfillment of this condition notwithstanding the intent to abide by it.

5. Each licensed fisherman shall be issued a numbered licensed Fisherman's Book and this number will be retained for all licenses issued to such fisherman.

6. No fishing license to be either transferable or salable by the person to whom it is issued.

7. Issuance of licenses after the end of the 5 year moratorium to persons who have not held licenses prior to 1962 shall be from a waiting list of applicants according to rules to be established during this period.

8. Regulations established for the purpose of license limitation shall be designed to maintain the present percentage of Native fishermen amongst license holders.

9. The Government should institute policies to replace the financing of boats and gears for fishermen by fishing companies by other channels.

Amplification of these proposals is contained in the concluding section of this submission.

SOME COMMENTS ON THE SINCLAIR REPORT

As indicated in the Sinclair Report our Union has been aware of the need for a program of license limitation and has pressed the Federal Minister of Fisheries for action on such a program since 1943. We therefore welcome the serious study of the economic problems of the fishermen and the Report itself as a contribution to such study.

Presentation of the viewpoint of our Union regarding Dr. Sol Sinclair's study and recommendations is a major problem for the following basic reasons:

- (1) The report was issued early in March just prior to the Annual Convention of our Union. Preliminary examination was therefore confined primarily to conclusions contained in the Report.
- (2) Despite repeated requests we have not obtained sufficient copies of the Report to effect a wide distribution. The contributions to discussion have therefore been relatively limited.

We are therefore making this first submission based upon the foregoing limitations and we trust there will be full opportunity for further representations in the future. In our opinion all submissions by interested persons or organizations should be reviewed in an open conference in the very near future. The exchange of ideas would be of value to all groups. The Federal Department of Fisheries would undoubtedly gain from such a Conference inasmuch as it would provide an opportunity to assess the relative value of conflicting opinions and simultaneously indicate the degree of unanimity in respect to policies advocated by Dr. Sinclair.

In correspondence with the Department our Union stated our desire for a public Conference. We are of the opinion that on such an important issue, involving basic human rights and the use of a natural resource, there should not be any acceptance of opinions which are submitted in private on the condition that such submission be not subject to publication. The closed door and the secret communication have no rightful place in the determination of a program of license limitation based upon justice, equality and economic logic.

We would wish our own comments to be open to scrutiny by any organization or by any citizen. We are prepared to listen carefully to other viewpoints whether they coincide or conflict with our own. We believe this should be the attitude of any group or of any individual seriously interested in promoting the economic welfare of the commercial fishermen and simultaneously deeply concerned with the basic human rights of all the people.

We must admit that our Union's approach to the basic problem of overcrowding and over-capitalization in the fishing industry is influenced by one major consideration. We represent the working fisherman. Our members earn their livelihood through long hours, hard work, sweat, skill and risk of injury or death at sea. Our primary motive is to gain for our members an adequate return for their labour, complete and proper protection against the hazards of their working lives (sickness, accident, discrimination, unemployment) and security when compelled into retirement by age or infirmity.

We feel no apology is needed for the efforts of our membership to improve the economic and social welfare of the working fishermen of B. C. We consider that the fundamental status of fishermen is that of working men and not that of "business men" or "entrepreneurs". We do not consider the earnings of our members to be "profits" any more than the members of the Int'l Woodworkers of America or of other unions consider the earnings of their members to be "profits". We can therefore state, very clearly, that we are not in favour of examining the health of the fishing industry by using a special instrument marked "profit picture".

We must also state that, in our opinion, license limitation is not by any means the full answer to development of a sound and expanding fishing industry. Huge new fishing fleets are rapidly being built by other nations. These fleets are expanding their operations to every ocean of the world. We have drawn this to the attention of the Government of Canada. We believe it is possible for Canada to expand our fishing fleets with modern high seas trawlers, seiners and transport vessels plus well equipped research vessels.

Such expansion would tend to increase the number of Canadians actively employed in catching and processing fish for our domestic and export markets. We have long advocated new market policies based on the Canadian national interest. We cannot, of course, expand our views on these issues in this submission. We mention them to indicate that license limitation, vital as it is to the welfare of our industry, need not be and must not be allowed to act as a brake on the much greater potential for expansion of the fishing industry in British Columbia.

We do not intend to comment on every phrase, sentence, or section of Dr. Sinclair's Report. We will try to centre our remarks to those passages where we believe serious omissions or errors occur or where we find ourselves in full agreement.

THE GENERAL PROBLEM (pages 8, 9 and 10 - Dr. Sinclair's Report)

Dr. Sinclair relates "three main situations" which give rise to the basic problem. We agree with points 1 and 3 but in point 2 ("the relative ease of entry") we find no reference to the most important problem of unemployment facing hundreds of thousands of Canadian citizens. Obviously, if there were a shortage of workers rather than a shortage of jobs there would not be nearly the degree of economic compulsion forcing a steady influx into one of the very few industries where ease of entry still exists; further, those fishermen who are experiencing economic difficulty could more readily obtain alternative employment if the employment situation today was reversed.

During the relatively full employment period of World War II some difficulties were encountered in replacing the experienced fishermen who joined the Armed Forces and those who were otherwise removed by Government regulations. In fact many experienced fishermen were granted special exemptions from the Armed Forces and were actually "frozen" to their jobs as fishermen in the interest of the war effort. In the post-war period, the number of commercial fishermen increased partly due to the return of the veterans and others who were removed by wartime regulations.

On page 164 Dr. Sinclair notes the expansion of labor-saving devices which "should have caused a reduction in the number of fishermen, but the opposite appears to be the case." He also says, "at the same time alternative employment opportunities both in B. C. and in other parts of Canada were readily available."

Seasonal unemployment in other B. C. industries has not been mentioned by Dr. Sinclair in his description of the general problem. When the salmon season ends in October or November there is a simultaneous increase in unemployment in other B. C. industries and across Canada. This has been a serious barrier to fishermen who desire to enter alternative employment. In the past decade serious unemployment has continued into May and June, and more recently throughout the summer months, with the resultant effort by thousands of workers to enter the fishing industry.

We believe the major problem of unemployment is a far more vital factor than "natural affinity of people for fishing" or the concept of "historic rights." A solution to this problem would likewise assist in

solving the economic problems of our industry. We consider this to be a major omission in Dr. Sinclair's estimation of the economics of the industry.

It seems necessary to mention the role of the press, radio and television treatment of our industry. The general rule seems to be to play up the "bonanza" catches. Very rarely is the general public given a balanced version of catches and earnings. Stimulation of the idea of participating in the "silver harvest" through one-sided publicity is no small factor in luring newcomers into commercial fishing. The turn-over is usually high because the uninitiated often get quickly and rudely awakened to the hard facts but a new crop is constantly being prepared by misleading accounts of fabulous earnings.

On page 9 Dr. Sinclair mentions three factors militating against a shift of labor out of the industry. One of these is "the Union agreements that require a certain number of workers per boat, as in the case of seiners and longliners." May we point out that there have been many conversions from table-seiners to drum-seiners with a resultant displacement of one or two men per boat.

The new construction of drum-seiners and smaller type seiners using a power block have tended to decrease the number of men employed per seine boat. It is true that the Union has, in certain instances such as the larger table-seiners, insisted on maintenance of specific crew complements considered necessary for proper operation of the vessels. We must also mention the increased tempo of the fishery with from eight to twelve sets per day as compared to four to eight sets in earlier years. In our opinion the labor-saving from introduction of new equipment has caused some reduction in average crew complements. Further reduction of average crew complements is not necessarily desirable since it only increases the work load on each individual crew member.

No mention is made of the basic factor of charter arrangements between individual seine boat owners and the companies which may tend to maintain a larger number of boats in the operation than would otherwise participate. As long as the boats are retained in service, under present circumstances, there will be crews employed to operate them. We therefore are of the opinion that boat charters and company financing have a much greater bearing on the number of seiners employed than the influence of Union crew complement regulations.

The Method of Study outlined in Chapter 1 and the descriptive outlines in Chapters II and III require no comment, except to say they provide very important background information. Chapter IV contains valuable information and extremely interesting theory on the basic need for regulation of the fishery. We cannot, however, agree entirely with the section entitled "The Factor of Immobility". Again we must disagree with Dr. Sinclair when he refers to "the boom employment conditions in Canada since the War." He assumes that the "immobility" of fishermen is not affected by mass unemployment. This erroneous conclusion tends to throw his conclusions completely off balance. He therefore places far too much emphasis on "romantic ties", "the gambling spirit" and "hopes for a lucky catch".

Earning a living is the basic problem confronting working fishermen and working people in general. If boom employment conditions really had existed in the post-war period there is no doubt that many more fishermen would have found other employment and less people would have tried to eke out an existence in our commercial fisheries.

We agree fully with Dr. Sinclair that company financing has been responsible for more entries into the fishery. At the same time we believe there should be less emphasis on "unpaid" loans or else there should have been a further study to determine exactly what losses are incurred by the companies. We must agree that the companies probably consider such "losses" as a cost of operation with the result that the showing of a profit by a company involves also repayment of such "losses" by working fishermen other than those to whose accounts they were sustained.

We do not believe there is any significant number of persons who fish because of the "incentive" of unemployment insurance coverage as Dr. Sinclair indicates "may" be the case on page 80.

Dr. Sinclair gives no evidence for this assumption but it can be disproven. If unemployment insurance coverage in fact reduces "mobility" and encourages fishermen, who would otherwise move to other employment, to remain fishing one would expect that beginning with 1958 the number of fishermen who fail to renew licenses would tend to fall since 1958 was the first year in which fishermen became eligible for receipt of unemployment insurance benefits.

The following table shows that the real trend is quite contrary to that to be expected if Dr. Sinclair's opinion were correct. The figures given are from the annual reports on Commercial Fishing Licenses issued by the Department of Fisheries.

Year	Number of Licensed Fishermen	Number of Fishermen Who Failed To Renew	Percentage of Previously Licensed Fishermen Not Renewing
1953	12,008		
1954	12,680	3,556	29.6
1955	11,860	3,799	30.0
1956	10,853	3,972	33.5
1957	12,016	2,528	23.3
1958	14,266	2,943	24.5
1959	14,463	4,696	33.0
1960	14,191	4,380	30.3

We are of the opinion that Dr. Sinclair has correctly estimated the position of the "moonlighters" on pages 80 and 81. More will be said on this later because in our opinion Dr. Sinclair's proposals do not seem to

flow logically when he suggests that "moonlighters" would be deterred by higher license fees. We do not share this opinion that gillnetters and trollers who move into halibut fishing can be compared to the "moonlighters". There is a sizable cost in rigging out for halibut. Bait and other expenses are relatively high. The fishing conditions are severe. Sheer economic necessity forces them to move into another fishery when they are far from satisfied with their earnings.

In Chapter V Dr. Sinclair discusses the Socio-Legal Aspects of License Limitation. We basically agree with the logical way in which he reaches the conclusion that there are valid legal and social reasons for limiting or controlling the number of fishermen in order to improve their economic lot. We are likewise in agreement with his view that special care must be taken to protect the aging group of fishermen and the Native fishermen in any limitation system.

Dr. Sinclair states that "an essential feature of the various judgments is that all citizens shall have the same opportunity and be equally treated when proprietary rights in the common fishery are affected." It would appear that many of his later conclusions are based upon this opinion. Therefore while we may comment again on his specific proposals it seems advisable to examine the proposition.

We must first ask what is meant by "the same opportunity". Theoretically every citizen of Canada has the same opportunity to do many things whereas in practice the opportunity simply does not exist. The amount of money in the possession of the individual citizen will decide whether he can live in the Georgian Towers or in a \$10.00 a week rooming house. The same situation prevails when it comes to buying a large business enterprise or trying to exist on Unemployment Insurance or on Welfare. There are hundreds of examples which could be given to show that availability of money or credit places heavy restrictions and creates impassible barriers to realization of an "opportunity". We reject the theory that high license fees or an auction system for the issuance of licenses will create conditions where all citizens will have the same opportunity to obtain a license.

Working people should not be compelled to buy their jobs either from a company or at a public auction conducted by the Government. Equal treatment and opportunity cannot be provided by such methods. We believe other methods, more in keeping with the real circumstances of the Canadian working people, can and must be devised to ensure equality in the limitation of fishing licenses.

Seniority, based upon length of service, has long been considered compatible with equality. In fact it is one method of ensuring a measure of equality for those who work with their hands and brains. It is a means of protection against unequal treatment, favoritism and discrimination. This principle of seniority can be the starting point in safeguarding the rights of commercial fishermen who have been earning their livelihood in the industry. A fisherman with seniority of one or more seasons, who has not voluntarily cancelled his seniority, should not be compelled to pay a price at an auction in order to continue fishing.

Other restrictions, such as those designed to confine the issuance of licenses to persons earning over 50% of their livelihood from commercial fishing, may also be imposed without violating equality of treatment. The same applies to restrictions preventing persons from obtaining a commercial fishing license where such persons have other regular employment and are simply attempting to "moonlight" or to earn some extra money by fishing during their vacation. Such restrictions provide equal opportunity because each citizen is required to make the same choice between engaging in fishing as a primary means of earning a livelihood or on the other hand being refused a license.

When the time arrives for the admittance of new applicants into the commercial fishery the first principle should be acceptance of those who have been longest on the waiting list. There will probably be a necessity for additional regulations. We would be strongly opposed to any system whereby the individual's ability to bid a high price would be decisive.

Dr. Sinclair's Report in dealing with economic performance makes comparisons between fishing enterprises and other business ventures. Such comparisons tend to neglect a very important aspect of commercial fishing, namely, the vital difference between a large number of men physically competing for a share of the catch as compared to businesses competing primarily in the market. Whilst the nature of the industry tends to obscure the basic reality of the relationships established therein fundamentally payments for fish caught by fishermen are closer to labor payments made per 1,000 feet of timber or per ton of coal produced under contract by loggers and miners, than to payments for fish, logs or coal when these commodities are bought and sold in transactions remote from the stage of their production.

Fishermen are in a different position than other workers on a piece-work basis inasmuch as they are trying to catch a live organism whereas in other industries the area of work and the materials worked upon are staked out or provided by the owners of industry. There simply would be no point to sending several thousand loggers out to cut down timber in direct competition with each other as to which logger should cut which tree.

To speak about "maximization of profit" in relation to fishermen's earnings from fishing enterprises is very far removed from the realistic. Working fishermen are not out to make a "profit". (i.e., "profit" in the accepted sense of being the difference between what is paid out for labor, materials, rent, depreciation, etc. and the value of the product produced.) Working fishermen are out to earn a living by applying their labor to catching fish. The costs of boats, gear and operating expenses are more comparable to the cost of tools and equipment to an engineer, mechanic or carpenter. For those fishermen who work on vessels owned by others, the share paid to the owner covers the basic costs of operation plus a profit for the vessel owner. We cannot agree that a basic objective should be to maximize the "profits" of the vessel owners.

"Profit" to vessel owners has not been investigated and no evidence has been quoted to show that such "profits" are too low. In fact, the continued construction of new, large, expensive vessels would seem to indicate that "profits" on investment capital has been satisfactory.

Likewise, the existence of relatively stable boat share percentages would seem to prove that "profit" to vessel owners is not inadequate. Of course, limitation on the number of fishermen would favourably influence the profitability of each vessel in operation for the same basic reason it would tend to increase the average earnings of the working fishermen. Our contention is that the primary objective must be to develop regulations which will make it possible for the average fisherman to increase his average production of fish and thus increase his living standards. This means limitation on the number of fishermen commensurate with the average availability of fish. It means restrictions to prevent the obvious overcrowding, the wastage of manpower, the excessive, almost insane competition, the shorter and shorter fishing weeks and the lowering of average earnings which obviously flow from unrestricted entry.

We suggest that rather than trying to fit the fish-catching part of the industry into preconceived patterns we should examine it as it really exists. The regulations would then be tailor-made to solve the basic problems.

We agree wholeheartedly that regulations must be acceptable to the people involved. In our opinion the regulations must be acceptable to the fishermen who built up and are still trying to build up a vital industry through hard work, skill and the risk of their lives. The regulations must be acceptable to the organized fishermen who have suffered under the open entry system and who originally requested a study of the problem.

There may be conflict of views with companies and private vessel owners whose main objective is "maximization of profit". May we point out that while adequate living standards for working fishermen does not preclude profitability for capital investment there are many instances in other countries and regions where a high level of profitability is combined with the most outrageous poverty-stricken conditions of the fishermen. Dr. Sinclair, on page 101, places the "prime question" as managing the fisheries "so that the amounts of capital and labor combined with it are not too excessive and will produce an adequate income to the fishermen."

We are inclined to disagree with the idea that "if the present uneconomic conditions continue for a long enough time" the adjustment will automatically occur to produce more satisfactory levels of income. Here again the problem of cyclical and chronic unemployment tends to counteract the otherwise normal movement out of the fishery.

It seems obvious that the present government will agree with Dr. Sinclair's rejection of government ownership of fishing operations. Such action would be illogical without public ownership and control over fish processing and distribution.

Our Union at various times has requested action by the government to ensure continuation of the herring fishery and the whaling industry. In our view private ownership and control by a small number of companies has often been restrictive and retrogressive in utilization of the resource. We think that today government or public ownership and operation of a resource that otherwise would be wasted and not utilized is "acceptable to Canadians".

We are fundamentally opposed to "turning the fisheries over to private ownership by one firm to be operated by it." We agree with Dr. Sinclair that such action is "out of the question." The growth of monopoly has already reached alarming proportions. Every effort and precaution must be taken to avoid a situation in which monopoly growth is given further impetus under a system of license limitation.

Dr. Sinclair proposes we must "look for a middle position in which the government assumes ownership of the resource, but permits its use by private firms." (page 102) We may not be clear on his definition of "private firms". If this were taken to mean that fishing licenses were to be issued to fishing companies (a reversion to the first system in effect in B. C.) we would be strongly opposed. However, from the context of his statement it would appear that Dr. Sinclair considers each working fisherman to be a "private firm" or "entrepreneur" and in this case the quotation only serves to emphasize the unsuitability of a terminology and theory that makes it impossible to distinguish between a working fisherman and a fishing company.

On page 109 it appears that Dr. Sinclair fears vertical integration by fish companies and organization of fishermen, either of which could flow out of license limitation. Again we may not clearly understand his terminology. We fail to understand how organization of the fishermen in order to gain could be properly termed "monopolistic".

In our view the organization of thousands of commercial fishermen along co-operative lines would not constitute monopoly. Whatever system of license limitation is adopted it must not exclude the right and the opportunity of working fishermen to enter into co-operative ownership, not only of the means of catching fish but also the means of processing and initial distribution. It is obvious that restrictions upon this right would only serve the interests of the private companies leading towards further growth of private monopoly. If the primary objective is to improve the living standards of the fishermen the license limitation system should not restrict or hinder the growth of cooperatives. Many fishing countries could be cited where the positive encouragement and promotion of cooperative organizations by fishermen is a feature of government policy.

Dr. Sinclair mentions financing of fishermen by the private companies as one of the factors which has increased the number of fishermen and fishing vessels. He reports quite accurately the company interest in "getting the largest possible quantity" of fish through having "as many fishermen as possible fishing for them". The lack of available data is a serious handicap in any serious study of the problem. In our opinion the Department of Fisheries should obtain this data as quickly as possible in order to decide the proper course of action to overcome this financing control system operated by the companies.

The Report mentions the company right for "first refusal" where the company financing exists. The term "first refusal" has been employed by the companies to cover up the basic fact that fishermen are compelled, under threat of seizure of boats and equipment, to deliver their fish to the company which has supplied the finances. Theoretically, the fishermen

retain the right to sell elsewhere when higher prices are paid. In practice the companies permit the fishermen no choice of delivery even where prices are an important consideration.

Dr. Sinclair states there was "no real proposal as to how fishermen would finance if the companies withdrew". He mentions the Prince Rupert Cooperative, and we assume he includes the Credit Union, as "the only successful operation in this respect." We are of the opinion that credit union financing, supplemented by government loans, is the logical alternative to private company financing. This constitutes a very important aspect of a well-developed license limitation program. The elimination of private company ownership and financial control in fishing vessels and fishing gear must be accompanied by measures which will ensure adequate alternatives. The credit union movement has proven its basic capability in this field although hampered primarily by lack of funds.

Transference of financing would present a rather complex problem but we do not believe it is insoluble. Cooperation between the fishermen's organizations and the Government could bring into existence a financing system which would eventually eliminate the need, as well as the possibility, of company financing of fishermen.

METHODS FOR LIMITING ENTRY

Dr. Sinclair speaks of two main directions whereby we can retain a "middle road" between "complete free entry" and "complete sole ownership whether by government or by private firms". He lists these as: (1) a system of taxes on the catch and/or fishermen; (2) a system of licenses that will restrict the entry of fishermen.

We fully agree that a system of taxes is not acceptable. Dr. Sinclair points out the "persistence of excess capacity in the fisheries despite the fact that earnings for many have been quite low." He clearly indicates that only a tax "set at a very high level" would have any effect. He discards this idea of "adding a high tax to the already burdensome costs of operations in fishing." Our Union also rejects the idea of eliminating commercial fishermen by taxing them out of the industry.

We go further than Dr. Sinclair since we also reject the idea that a "tax of reasonable magnitude in the form of a license fee will likely eliminate many of the casual fishermen." In our view the imposition of higher fees (or taxes) will only add extra costs to all commercial fishermen without providing any serious restrictions on the casuals. In our opinion the "casual fishermen" would very often be in a superior position to regular commercial fishermen if higher license fees are introduced.

Dr. Sinclair correctly describes the alternative method of restriction, "to license, without any more than a token fee, only that number of fishermen and/or boats considered sufficient to take the allowable catch at the optimum economic level." He places the chief difficulty as "discovering how these licenses should be allotted."

We agree that this presents a difficulty but it appears that Dr. Sinclair answers it in part by outlining the first step (pages 107 - 108). He proposes to issue licenses "to all boats and fishermen who can show evidence that fishing is their regular occupation". We would suggest that "evidence" should be proof that a set percentage of the fishermen's income in either of the preceding two years resulted from commercial fishing.

We agree with Dr. Sinclair that "reduction of licenses would then have to proceed from this number. In subsequent years this could be tied to the normal decline in boats and men resulting from retirement for whatever reasons." Of course, consideration would have to be given to temporary retirement due to illness, or other circumstances.

The general rule should be that fishermen who do not continue to use their licenses to earn the major part of their income would automatically forfeit their licenses. Where special circumstances exist, the automatic loss of licenses could be modified but only by decision of a Board of Review composed of representatives of the fishermen and of the government.

Obviously, over a period of years, there would be a gradual decline in the number of fishermen and in the number of fishing boats. Dr. Sinclair sees a potentially serious problem because "it would raise incomes in many instances above opportunity levels." Perhaps it escapes us but we have not found a clear definition by him of "opportunity levels" of income. We trust we are correctly interpreting him to mean that incomes could rise above comparable returns for an equal expenditure of labor in all other industries. We do not see this as an insoluble problem.

No action taken to offset such a trend would be required until the majority of fishermen have been able to achieve a proper income level. The basic method of offsetting the trend, at the appropriate level, would be to issue an appropriate number of additional licenses to new persons seeking to enter the industry.

Dr. Sinclair seems concerned about the possibility that if there were less fishermen and less boats the license holders "could get into a competitive race to build larger and more efficient boats that could capture a larger share of the allowed catch." We have been aware of this "competitive race" for many years under an unrestricted entry system. In fact we consider the pressure has been excessive as a direct result of overcrowding. Conversely, the pressure for more costly vessels and gear than can be justified for a limited production, subject to conservation restrictions, should slacken with a reduction of total fishing fleets and number of men.

We are quite sure that other restrictions can be developed to curb any such "competitive race" if it should threaten the basic aim of the license limitation program. At the moment the fishing vessels receive a standard share of the gross proceeds. This is of course, only applicable to the seine, longline and trawl vessels. Government assistance in probing the costs and earnings of fishing vessels could bring these percentages down if excessive capitalization indicated the boat shares were too high. It may also prove very valuable to investigate, with the aim of

eliminating, the practise of under-the-table bonuses paid to vessel owners and not shared honestly with the crews in the salmon fishery.

The one-man gillnet boat, troller, handliner, etc. may prove to be a greater problem. This does not mean it would be impossible to restrict excessive capitalization if such action became necessary. We are not convinced the problem will be increased by restrictions on entry. We believe that such problems should be tackled if, as and when they arise. Certainly the basic program of limitation should neither be delayed nor hampered by regulations intended to offset a condition which may or may not arise.

Dr. Sinclair claims "it will be necessary to allow the sale of licenses by fishermen" in order to facilitate retirement and replacement of fishermen." At a later stage he proposes, or at least appears to propose, the sale of all fishing licenses to the highest bidder. We cannot reconcile this view with his opposition to a system which "may induce dealers or fish companies to acquire licenses and vertically integrate the primary phase with their other operations."

We see no valid reason for the sale of licenses. Retirement from fishing would likely be more rapid for the older age group if the fleet were reduced and incomes were subsequently higher. Most older fishermen do not retire for the simple reason they cannot afford retirement. Retirement, at an earlier age could also be facilitated by introduction of a compulsory pension plan for all commercial fishermen. With limited entry in operation the efforts of organized commercial fishermen to obtain satisfactory health and pension plans would be more readily achieved.

Where new fishermen are required, to replace those who leave for other occupations, those who retire, and those who die from natural causes or in accidents, the simplest method is not to auction off a number of licenses. The bidding system would favour those individuals who have company financial support. The door would be wide open for graft and corruption of the worst order. Vertical integration would be given a big impetus by such measures.

The worker who wants to become a commercial fisherman would usually not have the money to bid for a license. He would very often be hard pressed financially and would have to obtain a loan or credit in order to obtain a minimum of fishing equipment. We have already stated our preference for a combination of government and credit union financing to provide such assistance for fishermen already engaged in the industry. The same type of financial help should be provided for new entrants when the time arrives to issue additional licenses. Under such conditions, a worker could enter the fishing industry without being forced into bondage to a private fishing company. Equal opportunity would have real meaning and would not be frustrated by financial barriers.

We are of the opinion that it would not be feasible to propose that credit union or government financing be provided to enable aspiring fishermen to bid against each other for the right to obtain a limited number of new licenses. Therefore, an auction system would give preference to those individuals who may have accumulated capital in other lines of endeavour or who have been able to obtain, openly or secretly, financial assistance

from the private companies in the fishing industry. We are strongly opposed to preference on financial terms regardless of whether it is the individual's money or the company's money which would "talk" loud enough to obtain a fishing license.

We believe it would be extremely difficult, if not impossible, to prevent the private companies from gaining absolute control under such conditions. The financing would be done in many devious ways to escape detection. The private companies would do everything possible to increase their control based upon their desire to gain the largest possible share of the production. Dr. Sinclair recognized this aim on page 131 when he says: "It is in their interest if they are to get the largest possible quantity that they have as many fishermen as possible catching for them."

Having recognized the existence of the company drive under conditions of open entry it must be realized that in a limited entry system the efforts to gain control over the production of the fishermen will be much greater. Such efforts can take one of two basic directions. One would be financial bondage based upon supplying funds to purchase licenses, boats, gear and operational necessities. We have expressed our strong opposition to this and must make it clear that any license limitation system, based upon an auction of licenses, is completely unacceptable on grounds that it increases company control and integration.

The other direction is for the companies to compete in direct payments to the fishermen for the labour involved in catching fish. Such competition has been held to a minimum by collective action between the major fishing companies. The companies, in order to maximize their own profits, have done everything possible to prevent price competition from becoming the decisive factor in determining which company may obtain the greater share of production. We are quite certain that upon complete examination of the facts the anomaly would be uncovered showing that the companies paying the lowest average prices have been getting the largest share of production. License limitation should not be designed to continue the type of financial bondage which gives rise to these conditions. On the contrary it should be established in a way which tends to eliminate financial controls by the companies over the fishermen. We believe that if competition does exist it should be expressed in prices paid to the fishermen for the labor expended in catching fish.

Dr. Sinclair attempts to equate and justify payments for the right to fish with the purchase of land by farmers or the purchase of forestry and mining rights. He claims "there is no real reason why this same principle should not apply to the fishery." We submit there are some very important differences.

When a farmer purchases land he owns and harvests the crops which are grown on his land. Other farmers cannot bring their harvesting equipment in to reap the owner's crops. The wheat and potatoes cannot move about from one field to the next. Cattle and other livestock are fenced in or kept in pens to be utilized at the sole discretion of the individual farmer.

Forestry and mining rights are likewise designed to provide the individual or the company with the sole rights to exploit a definite

portion of the resource. Other persons, regardless of their desire to do so, are prohibited from sharing in the exploitation of a definite portion of the entire forest and mineral resource. Neither the trees nor the coal and ore deposits can move from one area to another.

Thus we have the first, and perhaps the most important difference, between purchases of land, forest and mineral rights and the purchase of a fishing license. The fishermen are not individually being granted exclusive rights over a portion of the resource. The fishermen are mobile and the fish are perhaps even more mobile. The amount of fish caught by each fisherman depends upon factors which are less important and in some cases non-existent in these other industries.

The fishermen are not only required to use careful judgment in the selection of fishing gear and in setting it so as to avoid its total loss. They must use their best judgment as to where the fish are, in what direction they are travelling, the most favourable tides and wind conditions and what action to take when all these conditions change. At the same time they must compete with each other for the most favourable opportunities to obtain a good catch.

Payment for the right to exploit the salmon or halibut resource would not therefore convey to the licensee any assurance that he would obtain any specific portion of the resource. We submit there is no real basis for the term "landlord" being applied to fishermen operating in tidal waters in direct competition with each other for a restricted quantity of fish.

Dr. Sinclair proposes that each fisherman would have the right to sell his license to a newcomer. This may appear at first glance to be an added attraction to the adoption of his "landlord" system. Some fishermen may be of the opinion they could look forward to a sizable return upon retirement. We are of the opinion that in the long run it would not be beneficial. We certainly do not believe it to be justified by any real necessity.

When fishermen decide to retire from fishing they should have no right, as individuals, to sell their licenses or to select their successors. Having used the privilege of the license during his active fishing years should be compensation enough, without the need to exact a toll from the newcomer who would be then paying for the right to work to a person no longer willing or able to work as a fisherman. In event of illness or accident the government and the industry as a whole have direct responsibilities for maintenance at reasonable living standards. Selling the right to work is not an acceptable means of providing such security.

May we also point out the danger to fishermen who may have had a hard time supporting their families during the winter, which would exist if licenses could be sold. Under such circumstances the sale of a license, although offering a temporary solution, could place the fishermen who sold their right to work, in even more difficult circumstances. Again we must mention the danger of the fishing companies, knowing the circumstances of the individual, taking steps to finance the purchase of licenses.

Several years ago the fishing companies decided to reduce the number of gillnetters operating in the Skeena River system. In the main, these companies reduced the number of Native fishermen. The sale of fishing licenses could eventually result in the elimination of more Native fishermen from the industry. The Native people, in theory, have equal opportunity with other Canadians to enter all occupations. In practice, due to unequal educational opportunity and the maintenance of discriminatory and restrictive legislation and practices, the Native people are not enjoying equal opportunity. To permit the sale of fishing licenses by Natives would thus be a greater disservice than the sale of fishing licenses in general.

Dr. Sinclair mentions the need to obtain more government funds for biological and economic research. He implies that higher license fees may provide such extra funds on the principle that "those who benefit from the fishing industry should contribute in greater measure for the maintenance of it on a productive basis."

In our opinion, graduated income tax constitutes the most logical system to obtain funds required for government projects. Certainly if the incomes of fishermen are increased more income taxes will be paid and possibly, under license limitation, a higher rate for fishermen whose incomes exceed what is established as an adequate income, may be justified. In addition we suggest there is plenty of room to move in the direction of heavier income taxes on the private companies. Further funds could be obtained from reduction of unproductive armament expenditures.

Another suggestion by Dr. Sinclair is that higher license fees may be necessary to enable the government to buy up obsolete boats and gear thus removing them from the industry. We are inclined to think that such a scheme would prove to be impractical, extremely controversial and unnecessary. At present obsolete fishing gear is junked. No fisherman gets paid for it, except at prices in keeping with the value of recoverable materials such as lead. We cannot see why, with less fishermen and more favorable earnings per man, there should be any need for the government to buy up obsolete gear.

Fishing boats may provide more serious problems, especially if the government should decide to adopt more rigid standards of inspection as to seaworthiness. Where boats are condemned by the government there may be some responsibility for compensation. However, the boat owners should be first consulted as to whether they are prepared to pay into a special fund to be used in the purchase of obsolete boats. They may or may not agree and if they do not agree we do not believe they should be forced into such a scheme. In any case we see no good reason why working fishermen should pay a tax to the government, in the form of a higher licence fee, to compensate boat owners for obsolete vessels.

In the foregoing we have attempted to make our position clear on the major points of agreement and disagreement with Dr. Sinclair's Report. We believe we have a further responsibility in outlining our specific proposals for the introduction of a sound license limitation program. Our proposals are based upon years of discussion of the problem as well as on the new information contained in this Report.

U.F.A.W.U. PROPOSALS

FIVE YEAR MORATORIUM

We strongly favour immediate action to institute Dr. Sinclair's recommendation that for a period of five years only those fishermen who have already been licensed would continue to obtain licenses. Our earlier submissions favoured at least a two year moratorium for purposes of study and research. We are quite convinced that a five year moratorium will likely be required to obtain sufficient information as well as sufficient agreement and understanding to determine the general direction of the full program.

We are not fully in agreement that licenses should be restricted to those boats and fishermen that can show evidence of having fished commercially during the last two years. We may unnecessarily injure those commercial fishermen who entered for the first time in the last year.

We recommend that in the first year of the five year moratorium period licenses be issued to all persons who were licensed commercially in either of the two preceding years, except those who failed to earn at least 30% of their income from commercial fishing in one of these preceding years. On the second year license renewal should be limited to those who earned at least 40% of their income from commercial fishing in the previous year. In the third and succeeding years the requirement should be that the individual earned more than 50% of his livelihood as a commercial fisherman. Rules permitting averaging over two, three or four years to meet these requirements would be desirable.

We are in favour of a single license number for each fisherman so that his activities can be traced from one fishery to another. As indicated in an earlier brief each fisherman could be required to purchase a \$10.00 numbered Licensed Fishermen's Book, and would retain this number for future years. In addition he would pay the present nominal fee each year for each branch of the fishery in which he wishes to engage. All such annual licenses would be issued only to holders of Licensed Fishermen's Book, under the number recorded for such holder.

We are in favour of more information being recorded about the individual. In particular we are in favor of recording his Unemployment Insurance Number on his Licensed Fishermen's Book and annual licenses. This would enable a check-up on other types of employment in which the individual may have been or may continue to be engaged. This would be of great value in enforcement of regulations designed to prevent any individual from fishing whilst he has other regular employment.

Any commercial fisherman who either fails to renew his fishing license or fails to utilize his fishing license as a major means of earning his livelihood in any year, as outlined above, should have his license cancelled. There will be certain types of exception to this rule based upon serious illness, special difficulties involving boat or engine

breakdowns or accidents, or employment by one of the fishermen's organizations (e.g., the Union, Co-op, etc.) which should be acted upon by the suggested Board of Review. There may be other special circumstances in which the Board may decide upon exception to these or other rules in order to avoid undue hardship upon commercial fishermen during the initial five year moratorium period.

We favour special consideration for the sons of fishermen who come of age during the first year of the five year moratorium. Obviously, they would not have any previous record as licensees. On the other hand there may be strong ties and connections with the fishing industry which could be granted special recognition without any serious injury to the overall license limitation program. In making the proposal that this should only apply in the first year we are not precluding the possibility of the extension of this principle in future years. However, we believe there should be some experience obtained and some further study before adoption of any general rule giving special preference for such persons.

Amongst various suggestions that might be advanced to meet this situation consideration should be given to the establishment of a permit system in certain cases where the issuance of a Licensed Fishermen's Book cannot be immediately justified under the rules established for license limitation. Such permits to fishermen's sons could be issued in all cases where the son is fishing on the father's boat and further consideration could be given to establishing rules entitling fishermen's sons who have been engaged in fishing under permit for a sufficient number of years to preferential advancement from the waiting list of applicants for Licensed Fishermen.

MOVEMENT BETWEEN FISHERIES BY REGULAR COMMERCIAL FISHERMEN

In our opinion the primary need for license limitation exists in the salmon fishery. At the same time we can well understand the potential dangers of overcrowding in the herring, halibut and the less productive other sections of the industry.

We are therefore in favour of an overall type of limitation restricting the total number of commercial fishermen. We believe there will be sufficient numbers of regular commercial fishermen willing to move from one fishery to the other to make possible the full utilization of the resource in accordance with conservation regulations and market potential.

In the event there should be a shortage of fishermen to exploit one or more sections of the resource there could be some relaxation of the basic rules and the admittance of sufficient new applicants to meet such problems. Under these circumstances the question would arise as to whether the newcomers should automatically obtain the right to engage in all branches of the industry. Since this may or may not have an adverse effect on the entire program we would not advance any long term proposal unless and until we experience the problem and the results of temporary relaxation can be studied. Possibly a temporary emergency in a specific branch could be met by the issuance of emergency permits.

We are pleased to note Dr. Sinclair's favorable comment on the need for limitation upon the number of vessels and fishermen participating in the herring industry. The basic reason why the fishing companies originally offered to limit their fleets was to counter the fishermen's demands for a minimum guarantee of earnings. In turn the fishermen were demanding minimum wage guarantees to counter the continuous increase of the herring fleets operated by each company. In recent years the companies have attempted to suggest that one of the purposes should be to also limit the growth of the Cooperative. The Cooperative have strongly objected to such limitation. This presents a very important issue in event legislation is enacted dealing with limitation of licenses in respect to herring.

The type of policy we would favour is that which would authorize organized fishermen to enter into collective agreements which may have as one of the purposes a restriction on the number of units of gear used in each company's herring operation. Similarly, the legislation could authorize mutual agreements between cooperative fishermen and the organized fishermen who are not fishing cooperatively in respect to the number of cooperative herring fishing units. For the first period of the moratorium such agreements should be permissible but not mandatory. We are inclined to believe the organized fishermen will be capable of solving the problem. During the five year period, if no solution seems to be forthcoming from the Union and Cooperative fishermen there could be a special study made to ascertain the need for more specific regulations.

The halibut fishery does not immediately require special regulation. Obviously, because of international factors involved there would be no point in regulating the number of Canadian fishermen whilst the American fishermen remained unrestricted. We are of the opinion that the most sensible first step would be to reach agreement with the Americans on a catch division program. Canada should insist upon obtaining 50% of the total catch, in which case we would be free to adopt such regulations, in terms of the numbers of Canadians permitted to fish halibut, as would best meet the needs of our B. C. fishing industry.

We would not favour any restrictions which would have an adverse effect upon the growth and development of a high seas development by Canadian fishermen and vessel owners. Therefore, in any instance of a shortage of regular Canadian fishermen to operate vessels attempting to open up or expand new fisheries we would favour relaxation of the basic rules.

In general we are opposed to restrictions upon the movement of fishermen from one section of the industry to another, except as may be vitally necessary. We believe that in the initial period the basic need is to control and diminish the total number of fishermen holding licenses, with special emphasis on the salmon fishery.

IMPARTIAL BOARD OF REVIEW

We are strongly in favour of the appointment of an impartial Board which will be given major responsibility for reviewing special problems which may arise during the five year period and for adjudicating appeals against refusal to issue or renew a license. We are of the opinion that such a Board should be given wide powers of investigation in order to obtain all the necessary facts upon which to base their decisions and recommendations.

We propose that the Board should include representatives elected by the following organizations: The United Fishermen & Allied Workers' Union; the Deep Sea Fishermen's Union of Prince Rupert; the Prince Rupert Fishermen's Co-operative Association; the Native Brotherhood of B. C. and the Vancouver and Prince Rupert Vessel Owners Associations. These representatives should be subject to annual review by the organizations which they represent with the understanding that, if the organization so desires, the representatives may be replaced. The other persons on the Board should be Government appointees who are familiar with the policy and program of the Department of Fisheries. Such persons could be drawn from the administrative, research and biological staff of the Department and from the University staff.

Since we favor the issuance of fishing licenses only to individual fishermen and in no case to fishing companies we have refrained from proposing any private company representation on the Board. In our opinion there has been far too much control and influence by fishing companies in the affairs of fishermen. The license limitation program is supposedly for the benefit of the fishermen. Regardless of the type of program it is obvious that one of its features must include a sufficient amount of fishing effort to continue harvesting the resource and the companies will continue to process the resource and sell the processed commodities. If they feel that decisions of the Board are incorrect they would have the right to submit opinions to the Board and to the Government. In our view they have no basic right to participate in decisions which determine the composition of the body of licensed fishermen.

PROTECTION OF NATIVE FISHERMEN

We believe there will remain a special problem of protecting the rights of the Native commercial fishermen. Our proposal would be to ascertain the number of Native fishermen in the industry as compared to the number of non-Native fishermen. A general rule or aim should be to retain the same percentage of Native fishermen as the total number of all fishermen declines through the adoption of restrictive licensing. The method of ensuring retention of a minimum percentage of Natives may primarily consist of permitting special entry to Natives or relaxation of some of the rules regarding minimum percentage earnings from fishing. Perhaps it will require additional consideration to applications by the sons of Native fishermen. It may require special financial assistance to enable Native fishermen to obtain boats and fishing gear. We do not

believe it will be possible to define the method until such time as the limitation program is initiated. However, we are strongly convinced that the Native people should be assured that they will retain their relative share of the licenses which will be issued by making it a fundamental principle in the entire program.

FINANCING OF FISHERMEN

Earlier in our Brief we indicated our views on this problem. Basically we favour action to completely eliminate private company financing. In place of this we favour Government action to provide either directly or indirectly through the credit unions, the financing necessary to the fishermen. The Credit Unions provide an excellent medium for the financial administration because of their long and healthy experience in this field. With the help of additional funds provided by the government and with advice from the other fishermen's organizations as well as the Board of Review we believe a fair and responsible alternative system of financing could become fully operative within the five year period.

NEW APPLICATIONS FOR LICENSES

As soon as the five year moratorium has been announced there should be action taken to open up a list of applicants who do not immediately qualify for licenses. The applicants should be required to provide full information on previous and present employment. They should indicate the type of fishing they desire to enter. Information regarding age, family connection with the industry, record of any previous fishing experience, ability to finance or requirements for financial aid to enter fishing industry should also be indicated.

We are not suggesting that all of these items will have a bearing on whether or not the individual will receive a license. On the other hand, it will be helpful in assessing the general rules which need to be applied and what type of exceptions may have to be made.

In our opinion the basic rule should be that those who make the earliest applications will receive prior consideration when new licenses are issued, either during the five year period or upon its termination.

Another rule should be instituted requiring each applicant to submit an annual renewal form in order to maintain his original application in good standing. The form should be given to the individual at the time of completion of the first application and the responsibility for renewal should rest solely upon the individual. Those who fail to renew should be removed from the list of applicants.

The list should be compiled and copies of the names, addresses and date of original application should be made available to all the fishermen's organizations and should also be posted in all fishery offices along the coast. When annual changes are made there should be a supplementary

listing all those dropped off the main waiting list due to voluntary withdrawal, failure to renew and any other reasons. We believe the wide circulation of this information is vitally necessary to ensure the integrity of the license limitation system.

Grievances of individuals, regarding their place on the list, wrongful removal, etc. should be subject to review by the Board. When new applicants are admitted to the industry there should be a full explanation of the basic rules applied in selection from the list. Once basic rules have been worked out it would also be possible to indicate the potential order of preference in future lists.

ADDITIONAL ECONOMIC STUDIES

We strongly urge the Department of Fisheries to undertake a thorough study of the costs and earnings of the vessel owners in the fishing industry. Every source of income, including receipts from fish landed, charter payments, special bonuses and commissions, etc., should be thoroughly analyzed. Boat expenses, gear expenses, repairs and overhaul, insurance, interest on borrowed money and depreciation. The rate of profit and the rate of capital accumulation should be clearly reported. Wherever possible the relative profitability of the salmon seiner operations, herring seiners, halibut vessels, trawlers, etc. should also be indicated.

A serious study of the cost and earnings of the private fishing companies should also be undertaken as quickly as possible. The rate of profit by the companies on their investment, the rate of capital accumulation, the extent of transfer of capital to other parts of Canada and to foreign countries should be fully reported.

We would favor a thorough study of salaries, commissions, stock options and other forms of remuneration to management and directors of the fishing companies. The study should include the extent of private company financing in fishing boats and gear. There should be a full report made on the existence of price-fixing between companies, both in respect to payments to fishermen and in respect to the sale of processed fish and related products.

We are firmly convinced of the need to examine the economic structure of the entire industry in order to more correctly determine the best methods of regulating and developing this valuable resource. Examination of fishermen's earnings has been welcomed by the fishermen. However, it only provides an understanding of one aspect of some of the major problems besetting the industry. It is possible to draw erroneous and one-sided conclusions regarding the relationships between working fishermen, vessel owners and private companies unless all the facts are known.

CONCLUSION

We are of the opinion there is great need for speedy action on the major recommendation of a five year moratorium. We believe the full system of license limitation cannot be fully blueprinted in advance. This first major step would help the fishermen and the government to work out the more complex details of an all-inclusive program. Lengthy delay could very easily complicate the problem. The industry already suffers from over-crowding which is injurious to the conservation program and to the income level of the fishermen.

As indicated in our opening remarks, we will welcome an opportunity to discuss the merits of our Brief and to hear the submissions of other organizations. We favor this being done as soon as possible so as not to cause unnecessary delay in the implementation of the beginnings of a program of license limitation.

Yours sincerely,

UNITED FISHERMEN & ALLIED WORKERS'
UNION

Per: _____
H. Stevens, Secretary-Treasurer

APPENDIX II

PACIFIC TROLLERS' ASSOCIATION

January 31st, 1962

Hon. J. Angus MacLean,
Minister of Fisheries,
Ottawa, Ontario.

Dear Sir:

On behalf of the members of the Pacific Trollers' Association, we ask that you give your most sincere attention to the following motions on restrictions of licenses, submitted for your approval.

Firstly, the applicant should make at least 40% of his living by fishing. His first application could be accepted in good faith with his signature to a simple form agreeing that renewal of his license will depend on his proof of having fulfilled the necessary conditions of the license form.

It is hoped that this method of license restriction (which is favoured by many sports fishermen as well as commercial fishermen) will be moderate enough to not disturb the normal commercial operation. Yet will be severe enough to eliminate most of the sports-commercial fishermen, who have outlived the years when this type of operation was permissible.

Our second motion deals with the holding of two or three salmon fishing licenses simultaneously. This has already become our greatest cause of over-crowding, and is undoubtedly going to bring the entire salmon fishery together into one unmanageable and uneconomic operation.

Without prejudice, we feel the gillnetters are at present the principle fishery engaging in dual operations. This we feel, has been caused by too many gillnet fishermen, which in turn, has curtailed their fishing time, undoubtedly the efficiency of modern nets has added to the situation.

With available time on their hands, they have turned to trolling, as a fill-in between gillnet closures. This has had an alarming effect on the economy of the full time Troller, who will eventually be forced into the gillnet fishery, to subsidize his troll earnings.

It should be evident what form of conservation would be necessary to control the combined gillnet and troll fleets operating as a gillnet operation on Pinks and Sockeye. Yet, however, uneconomic this may be, it will happen that where one fishery is allowed to jump back and forth, that the effected fishery must retaliate in similar manner to survive.

Our motion to curb this most serious need for restriction of licensing does not suggest a closed shop type of licensing for any section of the fishing industry. But we do feel the only realistic approach to stabilizing the economy of any type of salmon fishing operation is to allow only one type of salmon fishing license to be held at one time, and the surrendering one type of license for another would be conditional, in that the surrendered license would not be reissued again that year.

This, we feel, would allow enough flexibility for a good combined type of salmon fishery. For those who desired it. It would also be restrictive enough to allow additional fishermen to be absorbed into another type of fishery, without causing severe economic and overcrowding conditions.

Reasonably protected, the deep-sea trolling fleet will never be a threat to any other fishery. Their operations demand a type of boat that is not too adaptable to other fisheries. Trolling is a costly operation, and success depends on producing a high grade product for premium prices. The ability to catch fish by trolling is limited to the individual's experience, ability to catch and locate salmon over vast areas of ocean, the tendency of fish to bite the lures offered them, weather conditions. And with everything favourable, he is limited in catch, almost to a predictable maximum figure, by his type gear. For this reason, his economic stability cannot withstand the pressure of unrestricted fishing.

In closing this appeal, to the Hon. Minister of Fisheries, for his consideration to these most urgently needed restrictions to control conditions, that affect both our fisheries Departments and fishermen, conditions that have already developed and must be faced up to, it will take a strong hand to do what must be done, and in this, we have every confidence in our Hon. Minister and his assistants.

May we thank you for your courteous attention to this and previous requests.

Yours sincerely,

R. Stan Stanton,
Representative,
Pacific Trollers' Association.

APPENDIX III

PRINCE RUPERT FISHERMEN'S CO-OPERATIVE ASSOCIATION

Brief Presented By The Association To
The Minister of Fisheries Opposing The
Recommendations Of The Sinclair Report

1. The report is based upon certain assumptions which it does not critically examine:
 - (a) That under the two Commissions, maximum yield of fish has been attained.
 - (b) That economic theory can be practically applied without a sociological study of present conditions and of the consequence of applying the economic theory.
 - (c) That the ills of the primary producer can be remedied without an examination of all phases of the handling and marketing of fish.
 - (d) That there is an expanding economy which can absorb excess capital and manpower (if any) presently in use in the fisheries.
 - (e) That given time for the technological advances recently being utilized in the fishing industry, the industry will not adjust itself without public interference and regulation.
 - (f) That those presently engaged in fishing, notwithstanding their failure from the economists point of view to operate efficiently, should be granted a vested interest in the fisheries.
 - (g) That the same economic theories of regulation can apply to a transitory seasonal resource such as fish in the same manner as to continuing (although exhaustable) resources such as land, oil and timber, which do not disappear if not used.
 - (h) That International agreement can be reached with the U.S.A. (despite the failure of the State of Washington to adopt the kind of policy which he recommends).
 - (i) That Russia and Japan won't move in on our fisheries if we fail to take all the fish.
 - (j) That the fish are a resource vested in the Government of

Canada and that the Government's powers extend to disposing of a vested interest in the fish to selected persons.

- (k) That the high degree of organization in the industry of labour and owners and companies leading to restrictive trade practices is not responsible for part of the failure of the usual economic laws operating in the fishery.

2. As to each of these assumptions, the Co-operative has serious reservations and takes the position they require to be carefully and critically examined.

- (a) Experiments over recent years by the Fisheries Research Board of Canada, the International Salmon Commission of the Fraser River and the Fish & Wild Life Service of the United States definitely prove they can increase the salmon egg hatch 300% to 400% by protective egg hatchery conditions and liberate to the ocean many many times the fry necessary to regenerate the natural run of fish. Progressive extension of known methods to all spawning systems has all indications of largely increasing the salmon population of the future.

- (b) Sinclair frankly acknowledges that classic economic theories fail to explain why fishermen remain fishing when the return on capital and labour are below the opportunities which he assumes to be available in the economy. The answer probably lies in sociological reasons. Some of the more obvious of these may be:

- (1) While actual fishing is strenuous, the fishing life provides the opportunity for the enjoyment of greater periods of leisure for some who prefer this way of life to a busy grasping life of the city.
- (2) Many having been raised in some isolated communities may not be adaptable to the pressures of other occupations. This is particularly true of the Indians who, alas, suffer race prejudice in other occupations.
- (3) Many come from ethnic groups who enjoy the sociability of association in the same occupation.
- (4) Many have other gainful occupations which adequately supplement their income from fishing.
- (5) Many have no other skills and have reached the age where it would be difficult to adjust to another way of life.
- (6) Some are so indebted to the fishing companies that they are economically tied to the occupation or would suffer extensive economic loss if they pulled out.

The Government has invested large sums in biological research to good advantage. It has now spent money on an economic study. Surely before embarking on a disruptive policy of regulation based upon an economic theory, the effects of such a policy sociologically should be examined.

If classic economic theories fail to operate in the present situation for reasons more likely explained by sociology, what reason is there to believe that a new theory of economics applied to the same set of sociological facts will produce any different or better results.

For instance, if the increased cost of gear and equipment has failed to eliminate the marginal operator in the past few years, why would the increased cost factor of a tax either on catch or boats have this result?

- (c) Sinclair recognizes that part of the immobility of the fisherman arises out of the economically unsound practices of the Companies in supplying easy financing and, therefore, an incentive to enter. This financing is obviously based upon the competition between fishing companies for as large a part of the catch as possible.

Whether or not there are other unsound economic practices being followed in the secondary phases of the industry apparently was not within the scope of Sinclair's enquiry. Despite the favourable report which he makes on the operation of the Prince Rupert Fishermen's Co-operative Association (pages 120 and 121) he fails to recognize that integration on a voluntary basis (without restriction of entry) demonstrated in this organization had the effect of reducing wasteful use of resources and maximizes the net returns of the members. A study of the present methods of operation by private companies as well as the Co-operative method might disclose ways in which the secondary phase of the industry could be better organized so as to result in a greater desire for efficiency and self-discipline reducing waste and maximizing returns without resort to undemocratic regulation by arbitrarily limiting entry.

- (d) During the time Mr. Sinclair made his study, the economy of Canada was expanding. He, therefore, may have assumed that the economy of Canada would remain sufficiently buoyant to permit the free movement of capital and labour to other opportunities in the economy. In fact, however, 1960 and 1961 have not turned out to be periods of full employment and opportunity for alternate investment.
- (e) The technological advances, particularly in the area of large boats and to a considerable extent, gear, have not had time to have their full impact upon the fisheries. A man who has invested heavily in capital and years of labour in an industry does not readily abandon the field. Before yielding to economic pressures of sub-marginal returns (particularly when

protected by a cushion of unsound financing practices and incentives by the fishing companies), he will seek to protect his investment and labour by protecting his vested interest and by trying to exclude new entries into the field. This is characteristic of human nature and not limited to fishermen. When companies find themselves in the same position, they either cry for government assistance or seek to be exempted from the laws against unlawful combinations in restraint of trade. Either of these approaches presents a palliative which provides temporary relief from facing hard economic realities.

Public policy as represented by the Government's action on the East Coast of Canada appears to favour assisting the fishermen to expedite the process of improving technological development in fisheries, presumably to the end of bettering the economic lot of the competent fisherman. (See Operations of Modern Fishing Craft Atlantic Seaboard by John Proskie published by the Economics Service of the Department of Fisheries in 1961).

- (f) Sinclair appears to depart from the economic theory which he applied to his analysis of the industry at the point where he recommends the vesting of interests in the fisheries through licencing to all or some of the present occupants in the field, at the same time claiming to have established that a very large portion of these persons are operating sub-marginally and wastefully by comparison with other economic "opportunities". His assumption is that putting an umbrella over these persons, they will become more efficient and less wasteful. He does not explore the possibility that by protecting these inefficient and marginal fishermen from the normal laws of economics the self-discipline necessary to competent operation will not be encouraged, or that a system of trading in licences may further undermine the ability of fishermen to face the realities of changing technology when ultimately it must be faced. He starts his thesis with the assumption that fishermen are entitled to a decent living and better cash income. Finding them unresponsive to the ordinary economic laws, he concludes that this must be bought not by the application of economic laws of competition but by protection from competition. Yet the theory of the whole economy is based on the premise that free competition is the backbone of economic health and well being.
- (g) Starting from the premise that fisheries are a common property resource (without any examination of its proper exploitation by co-operative effort), Sinclair concludes that the subject falls in the same category as grazing land, oil and timber and, therefore, recommends the division of the common property to competing units by a system of licencing. He fails to demonstrate either in fact or in theory, that a transitory seasonal resource such as salmon (which are either caught or lost) has ever been, or reasonably should, lend itself to the same economic laws as a continuing natural resource such as land, oil and timber.

His assumption in this respect appears to be entirely original and untried for no place in the World where fisheries are a dominant industry is there evidence of the successful application of his theories in this field.

- (h) He acknowledges that International agreements would have to be arrived at in order to give effect to his recommendations and makes the assumption that such could be negotiated before the ordinary economics of the situation will provide a remedy. The long history of negotiations behind the establishment of International co-operation through the Salmon and Halibut Commissions makes his assumption appear optimistic.
- (i) The Russian and Japanese fleets are already encroaching into areas which affect our fisheries. This problem Sinclair does not even appear to take into account.
- (j) Sinclair makes certain legal assumptions as to the powers of the Government of Canada to divest itself of the "common resource" and to hand this over to selected persons. The assumption does not appear warranted by his references. These problems he neatly avoids by leaving them to the lawyer and politician. We consider that the legal foundation of the proposals are one prerequisite of determining the feasibility of his whole theory.
- (k) Sinclair refers to the high degree of organization in the industry. On the one hand he does not appear to deprecate the interference with efficient operation caused by the high number of strikes particularly in the salmon and herring fisheries. On the other hand, he appears to give some blessing to the modus operandi which has been arrived at between the Union, the Vessel Owners' Association and the Fisheries Association and the agreements into which they have entered which the Combines Department have cited as incidents of restraining of trade and contrary to the provisions of the Combines Act.

On the one hand, we have the Parliament of Canada forbidding the very type of combination which it is alleged after investigation has been established in the Industry as contrary to public interest. On the other hand, we find Mr. Sinclair not only supporting it but proposing to the same Government a regulatory system calculated to perpetuate this type of activity.

We cannot help but feel that the support which Mr. Sinclair claims he found amongst fishermen and others engaged in West Coast fisheries represents on their part a desire to extend the tentacles of this octopus of combination in restraint of trade, not in the public interest, or for the ultimate solution of the problems he discusses, but in the hope of immediate gain for those now in the industry and to obtain a legal umbrella for their activities. There is little real fore-

thought for the future if our reservations in this respect should prove to be well founded.

3. The hypothesis which Sinclair assumes and which he seeks to verify by the empirical method is inadequately established by the report.

The report may be an interesting scholarly contribution to the literature on the subject but hardly can provide a sound basis for the implementation of his recommendations.

- (a) In his foreword he acknowledges that there is very little information which deals with the economic aspects of the fisheries. Therefore, any analysis of the economics of the fisheries is impeded by the lack of appropriate data. The time allotted to his study (he admits) prevented the gathering of such material thus restricting this analysis to one aspect of the economics of these fisheries.

His far reaching economic recommendations are therefore based on inadequate data and a review only of one aspect of the economics of the fisheries. This hardly commends it as a basis for radical innovations.

- (b) Sinclair frankly acknowledges that there is a complete lack of data on the economics of the individual fisherman's operations. While his economic theory is based on the principle that the presence of non-economic units in the fisheries depresses the income of the competent fisherman, he is forced to rely on general statistics to verify a theory based on individual operations.

Two things result from such an approach:

- (i) Without information as to the efficiency of operation, he is compelled to look at the general average income of fishermen to justify his theories. He does not really know, however, whether the fisherman with a better than average income is in fact operating economically or whether his income resulted from "the lucky strike" or skill, nor does he know whether or not the fisherman with a "low income" may in fact have had a reasonable return having regard to the capital and effort employed.
- (ii) Thus he is compelled to make a recommendation as to licencing to include all - the efficient and the inefficient - creating in them what is known in the trucking industry as "grandfather rights" which may be an asset which some fishermen never earned except by showing that fishing was his regular occupation.
- (c) This lack of data leads him to rely upon the operations of two years only, 1957 and 1958, to draw his conclusions as to the income of fishermen. Even then, he is dealing with gross income and to arrive at net income is compelled to take the

average cash operating expenses for two different years, 1953 and 1954, from another study. He has no statistical evidence to establish whether increased technology and efficiency in the intervening years have been reflected in reduced costs nor has he verified his facts by spot checks of the actual situation.

- (d) He regards the fisherman as an interdependent. In classical economics he is to be so regarded. His evidence makes it clear, however, that the fisherman does not so regard himself. Mainly, he regards himself as an independent worker looking for rewards for his labour and not for an unearned rent on the capital he employs. These are the tools of his trade. The fisherman is not alone in this view. It is held also by the small merchant and the small farmer.

If one sets out to prove a hypothesis by the assumption of economic theories not accepted by those engaged in the industry elsewhere or anywhere using general statistics with no knowledge of their detailed application, except by deduction, many differing hypotheses can be proved by the same "facts".

4. Sinclair's proposal for a tax is an ineffectual way to attain his stated end and would only add an additional burden to the fisherman.

The proposals for limitation of fleet by taxation, Sinclair frankly admits at page 106 if effective to eliminate enough "sub-marginal" enterprises rapidly enough, would have to be excessively high. He adds that with depressed earnings, it is hardly appropriate or politic to add such a tax. Earlier, he admits that judging from past performance, the addition of increased costs (whether by tax or technology) will not have the assumed economic result.

He points out the substantial weakness of a taxation system on fishermen, on boats, or on catch, and makes it clear that to be effective it would have to be based on:

- (1) known marginal productivity of the different fishing enterprises,
- (2) each fisherman would require to have knowledge of his own marginal productivity, and
- (3) it would have to be differentiated as to size of boat and type of gear or by quantity of fishing grounds.

All this presupposes:

- (a) A detailed knowledge of the fishing industry as a whole and of each fisherman's operation, the data for which he frankly acknowledges is not available and we would suggest could only be obtained at tremendous cost, and
- (b) Fishermen will be more responsive to cost factors than

Sinclair's analysis indicates they ever have been in the past - in other words, the fishermen will require to be converted rapidly into astute businessmen.

He then comes up with a proposal that "A tax of reasonable magnitude in the form of licence fee will likely eliminate many of the casual fishermen".

This proposal is neither supported by his analysis or by his past history of supposed increasing costs in the industry.

The net result he admits will be to eliminate some fishermen whose "gross catch is relatively small" and to distribute this amongst the remainder. It hardly suggests itself as a solution which strikes at the heart of the problem he sets out to solve.

Sinclair's proposal for licencing could, without providing any immediate substantial adjustment in income, create evils which would more than offset the financial gain to present fishermen.

In the first place, he admits that a system of licencing directed to select for licencing those persons who are equipped and competent to fish economically is not feasible (page 107). This plus the difficulty of protecting the rights of citizens to fish and a politically acceptable method of allotting licences, he admits "preclude the development of a workable licencing system that could be instituted immediately or even in a short period of time."

Consequently, he abandons his deductions as to the economic way to adjust the industry by eliminating the inefficient sub-marginal fisherman. He proposes instead a method which for some time at least would put an umbrella over the inefficient and sub-marginal (i.e.) give licences to all boats and fishermen who can show evidence that fishing is their regular occupation.

In the first place, he fails to define the term regular occupation. The definition of regular in the dictionary varies from "conforming to a rule or rules" to "customary or normal". In an occupation where the opportunity to fish is both seasonal and regulated as to time, it may be difficult to find a satisfactory definition of "regular occupation" which will make the selection a fair one.

Secondly, his proposal is to create what are often called in the trucking industry where licencing is applied on the basis of public necessity and convenience what are called "grandfather rights". These are interpreted as the "right" to be granted or continue to hold a licence when licencing is introduced or the basis of holding it is changed, simply because you were in the business or were licenced at that time. In applying the recent Dominion legislation governing inter-provincial trucking, most Public Utility Commissions refused to recognize such "rights" insisting that each applicant, whether formerly licenced or not, establish public convenience and necessity at a public hearing. Public policy here has made it clear that public regulation is directed to the

promotion of the public interest and not to the protection of "grandfather rights".

If the true basis of public regulation of the fishing industry is to assure a satisfactory income for economically efficient operations, then surely some like objective measuring rod must be applied in the selection of those to be licenced to perform the service. No assumption can be made that those whose "regular occupation" is fishing are any more or less efficient than those who are not. This surely is a matter of individual investigation.

Thirdly, Sinclair has failed to examine and analyze the trading in licences which goes on both in the trucking and taxi industries. The licences are treated as assets or goodwill in any sale and often carry a high price, notwithstanding the provisions in the Statutes that licences are not transferable.

He acknowledges there is no experience with tax or licence systems as a control of the fishing effort. Yet he has failed to investigate the evils of the licence system in those other two industries where business is transient and if you don't get it today it won't wait.

In the taxi industry, it is notorious that many vehicles registered in the name of the driver, who is the licensee, in fact belong to some financier who also controls the licence. The driver is merely a wage earner and the true benefit of the licence flows to someone else.

In the March, 1961, issue of the Western Fisheries, a trade magazine, Gerry Kidd, commenting on the Sinclair Report said:

"We can see that it is entirely possible that fishermen will be required to pay several thousands of dollars for a licence in a good year. This will likely mean that the companies will once again be forced to come into the financing field, for not many individuals will be able to find this much cash early in the spring during fitting out season. Fishermen would then be more than now under the domination of companies.

Company executives say, however, that this is not a bad thing. Companies have in the past, they say, been very lenient with their fishermen debtors, and it is obvious that those with large amounts of capital in shore plants and marketing organizations must have reasonably good control over their sources of raw materials."

It is not difficult to see who in the end result will be the real owners of the fishing licences. Instead of developing a program to free the fisherman from Company domination, Mr. Sinclair's recommendation is calculated to enslave him.

Sinclair himself recognizes this at page 109 where he says "The attractiveness of the new income position may induce dealers or fish companies to acquire licences and vertically integrate the primary phase with their other operations. Such action can eliminate the individual fishing enterprise from the industry." He also points out that the Union may organize to capture monopolistic gains. However, he does not examine the evils of either vertical integration or monopolistic gains nor suggest any method by which they can be avoided.

Fourthly, Mr. Sinclair's proposal makes no allowance for recruitment of new fishermen to the fisheries.

Further, Sinclair himself recognizes that limitation of licences on a cost free basis would create serious problems. One of the consequences would be a competitive race to build larger and more efficient boats that could capture a larger share of the allowed catch. In the end, the total gains will again be dissipated. This in turn will result in the further necessity to limit licences. In other words, there is no end to the process.

Finally, Sinclair states it would be necessary to allow the sale of licences. Thus, the sub-marginal fisherman whose "regular occupation" is fishing, will be presented with an asset which will command a price. "Higher incomes resulting from the exclusive rights granted free may now become capitalized and increase the costs in fishing to the disadvantage of the new entrant." He points out that from the viewpoint of adequate income, the gains from limitation to entry can be dissipated after the first generation of licence holders.

It appears clearly that the proposal he makes is only a palliative.

He suggests that in the event of new licences being issued, they would be available to the highest bidder and suggests "new fishermen will therefore be able to enter fishing by purchasing rights from current licencees" (or presumably by bidding on new licences). This appears to assume that fishing is not a learned skill, and that newcomers with no experience, after paying the additional cost of this asset, will be able to fish at or above the marginal return. This is an assumption refuted by his figures on the number of entries into and exits from the industry each year. Once again, it will mean the dealer or fish companies directly or indirectly will acquire control of a large body of licences and the fishermen will be divested of his private enterprise and become a wage-earner only. In other words, the process of vertical integration will be given a tremendous impetus.

We do not believe that the Government should, by involuntary regulation, drive the fisherman out of his rightful position as a small entrepreneur, and give to the Companies a further impetus to vertical integration.

6. The Sinclair Report has failed to examine the situation in a positive vein. Starting with the hypothesis that limitation of entry is the means to rectify the comparatively low income of the fishermen, he is compelled to a negative approach which reflects itself in his

recommendations.

There are two positive approaches which he failed to pursue. At page 101, he poses two theoretic rational solutions to the problems. (a) Government sole ownership, or (b) ownership by a single firm. He rejects both of these and concludes the middle position "is a position in which to have the Government assume ownership of the resource, but permits its use by private firms". (It appears here he had an insight into the real ultimate result of his recommendations.) He fails to pursue two obvious alternate middle grounds which would permit democratic action by the primary producers and take a step towards democratic integration of the fisheries (i.e.)

- (1) A Marketing Board elected by primary producers; and
- (2) The encouragement of co-operative organizations.

- (1) It is difficult to appreciate why he should not at least have examined these two positive democratic approaches to the problem in view of the fact that in the most comparable occupation (i.e.) farming, these two methods of organization have developed tremendously to the benefit of the agricultural community in Canada.

At or about the very time he was writing his report, Parliament passed legislation to permit the extension of Marketing Board jurisdiction to inter-provincial and export trade at the request of the primary producers of farm products in Canada.

Such boards assure democracy and prevent the domination by companies of the secondary phase of processing and marketing. In the fruit industry in B. C., both co-operative and private enterprise engage in this secondary level but the producer, through the Marketing Boards, have the control of the product all the way through. Every producer has a three party contract between the grower, the processing plant (co-operative or private) and the agency of the Board. The grower may terminate his contract and make a new one periodically but only in the off season. This eliminates the waste of competition for the product which has led to such foolish financing policies as have been followed by the fishing companies. At the same time, it assures that the processor has a source of supply known in advance of the season and can plan production, thus avoiding capital waste by him. It also assures because of the competition for contracts and the existence of several co-operative packing houses that excessive profits will not be taken from the primary producer. The producer has a democratic choice to whom he will ship

provided he must make his choice in an orderly fashion (i.e. in the off-season). The maximum price due to market fluctuations are passed on to the producer. There is compulsory pooling which means that all producers share in the good market as well as the poor.

This is surely a rational approach to the whole industry with a minimum of Government interference and a maximum of sound democratic integration.

- (2) At pages 112 and 113, Sinclair gives a good report of Prince Rupert Fishermen's Co-operative Association but fails to pursue the obvious enquiry into the encouragement of this method of meeting the problem of the primary producer. Once again, this is a positive democratic approach which goes beyond the problem of the primary producer into the secondary aspects of the fisheries (i.e.) processing and marketing.

He makes certain observations which bear repeating (page 113):

"The Co-operative method employed by this group of fishermen performs favourably from at least two important aspects. First, the mutual interest in the organization by the members develops a desire for efficiency and self-discipline which reduces wasteful use of resources. Second, since all the returns from sale of its products, after all costs are deducted, go to the members their net incomes are maximized. Evidence of the prosperous position of the co-operative is seen in the size and condition of the plants the Co-operative owns, the large, active Credit Union operated in conjunction with it, and the very modern supermarket which it sponsored. The Co-operative, as such, does not finance the members. This is done by the Credit Union and the fishing supplies are purchased from the co-operative supermarket."

He might have mentioned that the members have some \$2,700,000.00 invested in their co-operative and that the Credit Union has some Five and a Half million dollars in assets. These have been built up by fishermen. He might also have mentioned that financing from the Credit Union is not handed out on the basis which the fishing companies hand it out, but on the basis of credit worthiness and demonstrated productive ability.

The members of the Co-operative are under contract to deliver to it and so it can plan its production. There is no need for price agreements and no cause

for strikes by fishermen to cripple their maximum production capacity.

Perhaps because the existence of this very successful Co-operative by setting a yardstick prevents the companies from fully exploiting the primary producer, or because it has no need of the strike technique, Mr. Sinclair recognized that this approach would be inimical to certain vested interests in the fisheries.

Whatever his reason for neglecting to pursue the encouragement of the co-operative way as a solution to the problems of the primary producer, his comments at pages 112 and 113 make it clear it was not because he was not aware that the co-operative was doing the job and doing it democratically without Government regulation or arbitrary limitation of entry.

We submit that Mr. Sinclair failed to examine the whole field of the 'middle position' and that these two democratic and far-reaching solutions to the problem of the fisherman ought to be thoroughly canvassed to seek a positive solution to an urgent problem in the industry. At least here the Government would be acting upon tested methods and not relying upon untested economic theory.

It is our belief that the fisherman has it in his own hands to solve his own problems with a minimum of Government interference and a maximum of democracy. This is the only kind of method which a democratic Government committed to the principles of free enterprise should entertain.

Prince Rupert, B. C.
December 8, 1961.

APPENDIX IV

COMMENTS ON DR. SOL SINCLAIR'S REPORT
"LICENCE LIMITATION - BRITISH COLUMBIA"

BY

W. C. MacKENZIE

Dr. Sinclair has stated the essential problem of excess labour and capital in the British Columbia fisheries, and the inacceptability or impracticability of the alternative methods of management--sole ownership, public or private (p. 101). He states that there is need for some middle ground between complete free entry into the industry and sole ownership, which can be found along two main directions:

- (1) A system of taxes on the catch or on fishermen (or boats), and
- (2) A system of licences that will restrict the entry of fishermen (p. 102).

In advocating a method of restricting entry of fishermen it should be shown that the method will not result in a further increase in capital investment, in the longer run nullifying the expected tendency for fishermen's average net incomes to become higher. In a fishery in which the catch is restricted by quota or periodic closure, it seems unlikely that limitation of the number of fishermen will also limit competition among fishermen for a larger share of the permissible catch. This aspect will bear further consideration, although Dr. Sinclair has mentioned limitation of company investment and removal of obsolete boats from the fishery.

As Dr. Sinclair suggests (p. 140), it would be well to correct features, such as the unemployment insurance program as now constituted, that encourage uneconomic fishing operations. A licence fee of \$10 per fisherman, as suggested, would to some extent exclude holiday or marginal fishermen and recapture for the state a little of the economic rent accruing in the exploitation of a public property resource. So would a tax on boats. (The suggested range of \$40 to \$100 might not appropriately reflect the range of difference in productive capacity of the various types.) It would not be possible to determine and set a tax rate on fishermen, boats or fish at a level that would return to the state all of the economic rent in the fishery, since this would be different for different fishing grounds or locations and from season to season (apart from difficulties in its determination). But the fisheries are not the only resource industry in which excess costs resulting from over-capacity eat up part of the economic rent, or in which individuals capture part of the economic rent that might properly accrue to the state. (In the latter instance, all is not lost--the income tax collector has his innings if the income tax system is adequately designed.)

The most serious objection to restriction of entry into the fishery is grounded on the requirements of a free enterprise economy. I am disappointed that Dr. Sinclair did not give attention to this-- specifically, to the maximization of the net economic product of the British Columbia (or Canadian) economy, or alternatively, to the maximization of social welfare in the province (which might not be the same thing). Even a fisheries economist must recognize that the proper concern of government in furthering the interests of a particular industry or segment of the population is still the maximization of social welfare,--possibly measured by the total net economic product if government budget receipts and transfer payments are assumed to take care of the welfare maximization problem. In a competitive or free enterprise economy, maximum mobility of resources, including labour, between alternative uses in production is necessary to maximize the net (value) product. In the British Columbia economy, freedom of movement for workers into the fishing industry out of other industries or out of the ranks of the unemployed, and back again into other employments if this will maximize their annual earnings, may be taken prima facie as the way to maximize the province's production and real income. Obsolescent boats occasionally or temporarily brought back into use may represent additions to fishing capacity during peak production periods at no great additional capital cost. I.e., they may represent a low-cost method of providing peak capacity in a highly seasonal fishery, in a situation in which total investment in boats and gear is excessive, but in which exclusion of some fishermen and some (obsolescent?) boats might lead to further investment.

It might be argued that the British Columbia economy is not a free enterprise economy, and some government-sanctioned addition to fishermen's bargaining power is justified as a countervailing power in a situation where there are enterprise (and labour) monopolies all over the place. To accept this argument is to accept the necessity for some form of syndicalism or dictatorship of the right or left, in which central planners decide what shall be produced and what consumers shall consume. And such an argument doesn't imply a very realistic view of the union situation in British Columbia.

It is not surprising that the U.F.A.W.U. favour restriction of entry into the fishing industry. The object of monopoly power, wherever it is used, is to make certain goods and/or services more scarce, to enhance the price society must pay for them (whether or not this would contribute to the total of social welfare).# Where productivity is increasing, union power may be used to force industry to yield a larger share of its economic returns to labour, perhaps instead of to consumers by way of lower prices. In consequence of the closed shop and a high minimum wage, for instance, members of the union enjoy somewhat higher wages, but the volume of employment and production in their industry is likely to be somewhat less than it would have been with free entry, lower wage costs, and lower consumer prices; workers who might have been additionally employed in the industry are dispersed among industries where their labour is less productive, or they are in the ranks of the unemployed. The downward rigidity of labour prices has even more drastic effects on employment, of course, in industries in which

productivity has lagged.

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The affinity between dictatorships and strongly organized labour minorities in the population, as long as the status quo is to their mutual advantage, was demonstrated during the Batista regime in Cuba. High wages and restriction of entry were maintained by urban labour unions (such as the longshoreman's) combined with featherbedding regulations to make the work go farther among the members. This discouraged development, particularly in secondary labour-intensive industries in which sunk investment was a hostage to organized labour. The majority of workers were thus thrown on to the unorganized labour market, particularly in agriculture, where the cheap labour supply and lack of workers' bargaining power as well as the low purchasing power of the consumer in Cuba, favoured investment in plantation operations producing for the foreign market.

Economic Service,
Department of Fisheries.

APPENDIX V

COMMENTS ON THE REPORT ON LICENCE LIMITATION
- BRITISH COLUMBIA -

Blake A. Campbell,
Chief, Economics Branch,
Department of Fisheries,
Vancouver, B. C.

However, I do not feel that the main recommendations that Dr. Sinclair makes for limiting licences are going to improve the economic status of the fishermen and some of the proposals that he recommends are not, in my opinion, practical.

An examination of each of the recommendations and their possible effect on the fishermen and the fishing industry in British Columbia follows:

Recommendation - "ONLY THOSE FISHERMEN WHO CAN SHOW EVIDENCE OF HAVING FISHED COMMERCIALY THE PAST TWO YEARS SHOULD BE GRANTED A LICENCE."

Recommendation - "NO NEW LICENCES SHOULD BE ISSUED FOR 5 YEARS. LICENCE NOT USED FOR TWO SUCCESSIVE YEARS WOULD BE RETIRED."

These two recommendations must be considered together and despite Dr. Sinclair's assurance that the Government is within its legal right to do this, I would question the recommendation on the ground that everyone has not been given the same opportunity to obtain a licence. It would be a different situation if the announcement were made now that in order to qualify for a fishing licence two years hence, a person would have to show evidence of having fished commercially during these two years. On this basis, everyone would have the same opportunity and would be able to decide whether or not he or she wanted to qualify for a licence.

If there is no question of the legality of such a program and this first recommendation is implemented, it would be essential for the Government to define the term, "evidence of having fished commercially." Certainly, the possession of a fishing licence is not evidence so it would then be necessary for the Government to arbitrarily define the minimum gross sale of fish which would be regarded as a commercial operation. This could be placed at \$100.00, \$250.00, or \$500.00 depending on how large a segment of the present fishing population it is desirable to eliminate by this program.

Again, if the principle of a moratorium is adopted, the basis of granting licences would have to be broadened. Restricting the issuing

of a licence only to those fishermen who fished during the last two years is not practical. There would be bona fide commercial fishermen who might not have fished in 1959 or 1960 either because of sickness or other reasons. It should not be the intent of a moratorium to eliminate such persons from the fishery. The same object could be achieved, if not as quickly then more equitably, by broadening the qualifications by requiring a fisherman, for instance, to show evidence of having fished two years during the past four, one of which would have to be 1959 or 1960.

Notwithstanding the desire to limit licences quickly, I feel that provision would have to be made for some new entries. I refer here particularly to veterans and fishermen's sons who would have to be exempt from moratorium provisions in qualifying for licences. Unless this is done, any Board charged with the administration of a moratorium regulation would be faced with tremendous pressures from all branches of the industry.

One factor which I do not feel has been properly evaluated in this moratorium problem is that of the salmon seine owner. Even at the present time these owners state that it is impossible for them to attract crews from qualified fishermen and some of them have indicated that it is for this reason that they must turn to subterfuge in order to obtain licences for certain crew members who are not Canadian citizens and, therefore, cannot qualify for licences. If the moratorium program is introduced, the plight of the salmon seine operator would very quickly become desperate. The crew member upon which the owner is dependent has no financial interest in the boat and as soon as a better job comes along he will move out of the industry and there would be no way of replacing him under a licence limitation scheme. At the same time, there will be a tendency to have a lowering of efficiency as those who remain will have a real bargaining weapon with the Captains. Certainly, such a proposal would very quickly achieve the purpose of limiting licences but the number of seine boats would drop very quickly and there would be no market for these boats and the owners would thus suffer considerable financial loss. In such circumstances, the Government could, of course, set a fair value on a seiner and offer to buy the boat at a specified price and then attempt to try to dispose of it outside of the fishery, but such a program would be expensive.

It is also of interest to speculate what would happen to the market of other fish boats. Our figures reveal that there is a very high turn-over in the fishing industry and while under a system of licence limitation this turn-over would no doubt decline; nevertheless, any exodus out of the industry, without a corresponding increase, is going to result in a deflated market for boats and this would not only apply to the poorer boats but to boats of all types. Here again, the Government could step in and buy boats and maintain an artificially high price, but once again the cost of such a program would be high.

Recommendation - "AT END OF FIVE YEARS, LICENCE WOULD BE GRANTED ON BASIS OF COMPETITIVE BIDDING."

This recommendation, in theory, may be justified but because of the number of licences involved would be difficult, if not impossible, to implement. No hint is given in the recommendation as to whether the competitive bidding would apply to the fisherman's personal licence or to the boat licence. If it applies to the boat licence, it would have to be categorized by the type of boat and with many different sizes and combinations we can conceive of many problems being encountered. If, on the other hand, the bidding is on the basis of personal licence, the crew member will not be in a position to submit a bid unless he knows in advance that he has a boat to fish on. The larger boats or the better fisherman will be able to submit the highest bids and certainly, while this will be a method of eliminating the inefficient producer, it will also discourage those who operate efficiently on a smaller scale.

It is recognized that bidding does take place for certain fixed fishing locations, such as weirs on lakes, but this is an entirely different operation to the salmon or halibut fisheries where there are so many different types of operation. While most fishermen are under financial control of fishing companies, there would be good reason to feel that companies might attempt to get control of a certain number of licences under such a system either by bidding on their own boats or submitting bids on behalf of fishermen delivering to them. By doing this, companies would have a bigger hold on fishermen than they have today and this would not be desirable.

Recommendation - "THE PERSONAL COMMERCIAL FISHING LICENCE SHOULD BE INCREASED TO \$10.00 PER YEAR."

Recommendation - "A COMMERCIAL BOAT LICENCE SHOULD BE INTRODUCED AND THE PRICE SHOULD RANGE FROM \$40.00 TO \$100.00 PER YEAR DEPENDING ON THE SIZE AND TYPE."

Recommendation - "ISSUE ONLY ONE LICENCE PER BOAT."

These recommendations (all dealing with licencing are inter-related and entirely apart from the question of licence limitation) are worthy of consideration. Suggested reasons for implementing these recommendations would be:

- (a) The present nominal fishing licence of \$1.00 can be obtained by anyone whether he or she plans to utilize it to fish or not. From a statistical point of view, the number of persons taking out licences is not indicative of the number of fishermen;
- (b) A higher licence fee would result in more respect by the fisherman for the licence and the privileges that go with it;

- (c) A personal licence fee of \$10.00 plus a boat licence would set the commercial fisherman apart from the sport fisherman. When commercial fishermen pay only a nominal \$1.00 annual licence fee, the sport fisherman takes the justifiable view that he is entitled to use this common property resource to the same extent as the commercial fisherman;

- (d) The question of helping to share the cost of management of a common property resource has been raised by Dr. Sinclair in his report. Admittedly, the recommended licence fee will not go very far towards the cost of maintaining the resource but at least it will be a start in that direction. The proposed personal commercial and boat licence will not yield more than five percent of the annual cost of the Department of Fisheries services on the West Coast;

- (e) A boat licence fee with only one licence per boat has been requested by the fishermen on many occasions. The boat licence for fishing purposes has been recommended previously but in trying to incorporate and meet the needs of the Navy and the Department of Transport proved too complicated and was set aside. However, a boat licence for fishing purposes--which could be so numbered as to show the type of fishing authorized--would greatly benefit the fisherman, the administrator and the statistician. This number could be in the form of a metal plate which could be validated each year with a disc showing the year. This same number could be used on all sales slip transactions which would enable the Department to make an economic analysis of the catch of each boat regardless of the type of fishing that was carried on. At one time, it was helpful to have a separate licence for each type of fishing. This enabled boats to be transferred in and out of various areas and officers were able to keep track of effort in their area by this means. However, with the increasing mobility of the fishing fleet this transfer requirement was no longer practical and was discontinued. Fishery Officers are required to use other means to obtain a boat count of effort in their district;

Fishermen cannot see any value in having to repaint their numbers on their boat each year, or change it for each type of fishing that is carried on. British Columbia is the only West Coast area that does not have boat licence for fishing;

- (f) These recommendations, even if introduced, by themselves would have an effect on limiting licences. They would go a long way in eliminating the part-time or sport fisherman who does not take a

significant part of the catch but crowds the commercial grounds and is more an irritation than a tangible factor in the economics of the commercial fisherman. At the same time, this group is not looked on with favour by the true sport fisherman and in many cases he is interested in fishing primarily for food purposes not for sport.

Recommendation - "ALL LICENCES SHOULD BE APPLIED FOR AND ISSUED NOT LATER THAN MARCH 31ST OF THE YEAR IN WHICH THEY ARE TO BE USED."

Recommendation - "GREATER DETAILS ABOUT FISHERMEN SHOULD BE OBTAINED ON THE LICENCE FORMS."

This should include the photograph of the fisherman, the time he fished the previous season, the nature of other employment, etc.

First, it would not be practical for the date of application for licence and the issuing date to be the same. Certainly, there would be a number of last minute applications that could not be processed the same day.

In general, these recommendations are good ones and would ensure a uniformity of licencing procedure that is not possible under a decentralized issuing service, such as is carried on at present. The applications for fishing licences could be processed through Fishery Officers as at present but the final licencing would be issued by a central licencing agency of the Department of Fisheries.

It is assumed that the picture of the fisherman would form part of the licence and would be in the form of a passport. This program would simplify the enforcement of licence requirements and renewal or re-validation would be a very simple matter which could be done at the field level.

The requirement that a licence be applied for by a certain date would eliminate those fishermen who come into the industry only at times of big runs developing or when other industries, such as logging, close down.

One problem, however, that would be difficult to overcome would be that of the native Indian. These fishermen, in many cases, stay on the Reserves until it is time for fishing and it would be impossible to refuse them fishing licences even though they might apply after the deadline. I would think that until they become accustomed to the procedure that the Reserve Indians should be excepted from such a provision. However, this would be a point of discussion with the Department of Indian Affairs.

It might be mentioned that Alaska requires that licences be applied for by March 31st but this is a discretionary not a restrictive regulation.

Recommendation - "BOATS THAT ARE UNSEAWORTHY WILL NOT BE GRANTED A LICENCE."

Recommendation - "GOVERNMENT TO PURCHASE AND SCRAP OLD BOATS."

These two recommendations have to be considered together. In theory the first recommendation is good but in practice it would be difficult to administer. The officers issuing the licences do not see the boats. Even Indemnity Officers, who make a complete appraisal of boats, find it difficult to draw a line as to when a boat is seaworthy and when it isn't. A boat might be seaworthy for river fishing but not for fishing outside a certain area. Boats that are seaworthy at the start of the season might, without proper care, become unseaworthy during a season and it would not be feasible or possible to withdraw a licence on this account.

The recommendation that the Government purchase and scrap old boats is one that is worthy of consideration but would probably be difficult and costly to administer. If a price could be set for all fishing boats at a marginal level, any fisherman wanting to get out of the industry and not having a buyer for his boat could sell it to the Government. The Government would then have a decision to make whether to scrap the boat, keep it for sale for some other qualified fisherman in the industry or sell it outside the fishing industry.

If the moratorium recommendation were implemented this program or some other similar program dealing with boats would also probably have to be put into effect.

Recommendation - "THE GOVERNMENT SHOULD DISCUSS WITH COMPANIES THE DESIRABILITY OF ESTABLISHING A SOUND POLICY ON FINANCING OF FISHERMEN."

Such a policy should include financing only for current operating needs of fishermen. Here again, Dr. Sinclair has outlined a recommendation which probably in theory would be desirable but from the practical standpoint would be difficult if not impossible to enforce. There would be many ways for companies to give indirect financing. To stop the direct financing would only lead to these other means. With a limited quantity of fish caught and a licencing limitation system, which would only allow a specified number of fishermen, companies would be forced to compete in every possible way, even more so than now in the realm of financing fishermen.

One possible solution would be to have a fund set up by Government to be used for financing the capital expenditures of fishermen but any such plan, if past measures are an indication, would probably be so tied down with guarantees and safeguards to Government that it would not be possible for a fisherman to qualify.

It was suggested at one time that the present Fishermen's Loan Plan was one that would allow fishermen to get out from under the domination of companies. However, this was a most unrealistic suggestion and only a very small number of fishermen have been able to take advantage of the Plan.

Fishermen are noted as poor risks and even companies, who are personally acquainted with the fisherman and have a means of enforcing payment, lose on financing. There would be little hope for any outside agency to make a success of a fisherman's capital loan scheme.

A survey of company financing would be of interest but with the diversification of operations would be a monumentous task for a group of accountants.

With the continuing change in industry and practices any results would be historical and not necessarily applicable to future operations.

Recommendation - "A REVIEW OF EXISTING PROVISIONS FOR UNEMPLOYMENT INSURANCE FOR FISHERMEN IS DESIRABLE."

This recommendation has very little to do with licence limitation directly, nor does it affect the operation of the Department of Fisheries. However, on the basis of a memorandum, which we have submitted on abuses in unemployment insurance, the recommendation appears warranted and we understand that the review has already been made by the Unemployment Insurance Commission and changes can be expected.

Recommendation - "LICENCES RECOMMENDED MIGHT BE TOO HIGH AND SPECIAL CONSIDERATION MIGHT BE GIVEN TO NATIVE INDIANS."

As far as licence fees are concerned, those for native Indians should be the same as for anyone else. If there is a question of Indians not being able to afford the higher fee, then this should be a matter for consideration by the Department of Indian Affairs. I feel that too many of our present problems with natives in fisheries are sociological problems which should be dealt with as Indian problems rather than as fishery problems.

Arrangements might be made for the Indian Department to pay for the licences of those Native Reserve Indians who are not able to afford a licence themselves. I have already discussed the problem of native

Indians applying for licences by March 31st if a deadline is required and even if exception is granted in this case, this should only be as a temporary measure and should be eliminated after a period of time.

Recommendation - "A SPORT FISHING LICENCE FOR SALT WATER FISHERMEN WITH AN ANNUAL FEE OF \$5.00 SHOULD BE INTRODUCED."

This recommendation, because it affects a large number of people, will probably be the most controversial in the entire report. I am not in favour of the salt water licence fee of \$5.00. A nominal fee of \$1.00 would be adequate and return to the Government about the same revenue in relation to catch by the sportsman as the commercial fisherman would be paying under the suggested scale of fees in the 'Sinclair Report'.

Since the report first came out and this recommendation was noted, it has been suggested that the cost of issuing a sport fishing licence will exceed the amount received from them. Issuing licences through commission agents as is done in the Pacific Coast States to the South with a 15 percent to 20 percent commission would still yield the Government 80 percent to 85 percent of the revenue and in the case of 100,000 sport fishermen, would mean \$85,000.00 in revenue. With the number of licences known, it would then be possible to provide administration with more accurate information on the sport fishing catch.

However, we feel that a more feasible and practical way of obtaining information on sport fishing would be to require that all boats fishing for sport have a fishing boat licence which would have to be affixed to the boat. A possible rate for this licence might be based on the size and the type of sport fishing operation. For instance, a rented boat could have an annual fee of \$10.00; a boat used for chartering could be \$25.00; while a private boat could be \$2.00 to \$10.00 depending on size. This licence would apply to both Canadian and U.S. fishing boats and could be adjusted if desired with the non-residents paying a slightly higher boat licence fee.

Licensing of sport fishing boats would provide the names of owners and the number of the various types of sport fishing craft and would enable a proper sample to be selected. In this way, the number of persons fishing could be obtained. This method of licensing would be much easier to enforce, would certainly be more complete and would, at the same time, provide the Department with better information on the number and type of boat being used in the sport fishery.

Many boat rental agencies are already providing the Department with daily and weekly information of catch and effort and these operators would not be placed in a position of having to require sport fishing licences from every person who went out on their boats.

To enforce an individual fishing licence in tidal waters would be a never-ending job. Patrol staff would have to be increased and constant checking carried out. Unless this was done, the licensing system would

soon break down. A boat licence which could be checked visually would simplify enforcement.

Recommendation - "MORE INFORMATION SHOULD BE PROVIDED ON SALES SLIPS, SUCH AS, LANDING BY PORT AND ACTUAL VALUE OF SALE. THE BOAT LICENCE SHOULD BE RECORDED."

This recommendation is not realistic when it is realized that most fish sold in British Columbia is "booked" by companies for future determination of price and often the initial price paid is subject to further adjustments. This is not only true in the case of the Co-Op but also for private companies who pay additional amounts in the form of bonuses of various kinds.

I am very much in agreement that the licence number should be the one shown on the sales slips and if any further economic analysis is to be made of sales slips, this common boat number is essential.

Recommendation - "A FISHERMAN SHOULD BE ISSUED A SINGLE LICENCE IN THE FORM OF A PLASTIC OR METAL PLATE WHICH COULD BE STAMPED ON THE SALES SLIP."

This is a recommendation which has already been suggested to companies and is receiving consideration. The cost of installing the plate machines might be an eliminating factor in this operation. However, it would certainly be worth exploring this on a trial basis even if it meant having the Government finance the operation in a small company and issuing these plates to a small group of fishermen to see if it would be practical.

Recommendation - "STATISTICAL AREAS SHOULD BE SUB-DIVIDED INTO SMALLER AREAS."

To do this would require appointing a special committee to draw out the smaller area boundaries and consideration is being given to the possibility of making these sub-areas. Under a new I.B.M. system, it would be possible to introduce these new area boundaries without too much difficulty as far as tabulation is concerned. However, buyers would have to be educated to complete these finer areas and education is a slow process. It would have to be recognized that more work would result for fishery officers who would have to keep a closer check of buyers to ensure that information on areas is being properly shown on the sales slips.

Recommendation - "USE OF NEW ELECTRICAL EQUIPMENT FOR PROCESSING STATISTICAL DATA SHOULD BE EXAMINED."

At present, the change-over to a punch card system is being undertaken. To take this to the next step--which is electronic equipment--is one which must be kept in sight although at present is too expensive, but as new and less expensive computers are released it might be possible to examine the possibility of changes.

Recommendation - "A CONTINUOUS COST-INCOME PROGRAM RESEARCH IS ESSENTIAL TO INSURE ADEQUATE INFORMATION UPON WHICH TO BASE A SOUND DEVELOPING PROGRAM FOR FISHERIES."

For a proper continuing program, considerable extra professional and clerical staff would be required with a resulting rise in the budget of the Economics Branch. Unless this was recognized, there would be little point in proceeding to attempt to make such a study. If a system of licence limitation, such as might result from a moratorium of licences, were introduced, such a program of cost and earnings would have to be implemented immediately and all licencees could be required --as one of the conditions of being given a licence--to provide the Department with information on cost and earnings. However, to analyse these costs and earnings would be a full-time job for several Economists experienced in this type of analysis.

Recommendation - "ADDITIONAL STATISTICS COULD BE OBTAINED IN THE CENSUS."

This recommendation is one that has already been looked at and possible methods of obtaining the information at the time of licencing has been suggested.

APPENDIX VI

GENERAL REVIEW OF THE LICENCE LIMITATION PROBLEM
IN BRITISH COLUMBIA FOLLOWING MEETINGS HELD WITH
REPRESENTATIVES OF THE FISHING INDUSTRY
- APRIL 16TH TO MAY 13TH, 1962 -

BLAKE A. CAMPBELL

Introduction

During the month of April 16 - May 13, Mr. W. C. MacKenzie, representing the Department of Fisheries in Ottawa, was in British Columbia meeting and discussing with all phases of the fishing industry the many ramifications of licence limitation, particularly as they relate to the salmon resource.

At the end of these discussions, while the problem had been thoroughly defined, there was no uniform agreement among the reviewing committee (1) on a possible solution.

This summary is set forth as representing views which were expressed during the course of the meetings and which were helpful in any decisions arrived at by the Department as far as licence limitation is concerned.

Reasons For Licence Limitation

The two basic reasons for licence limitation have been advanced on several occasions as follows:

- (1) There is an economic wastage of capital and labour which should be corrected.
- (2) The unlimited entry of fishing enterprises in making regulation of the resource difficult to manage.

From a purely academic economic point of view, it is true that capital and labour are being wasted in the commercial salmon fishery resource of B. C. but no more so than many other industries in Canada.

It can probably be shown that there are five times as many fishing boats operating as are necessary for harvesting the salmon crop efficiently but how does this differ from the many gasoline outlets that are constantly being built and modernized by oil companies in every city of Canada to the detriment of the individual service station operator.

(1)

Mr. W. C. MacKenzie, Mr. W. R. Hourston, Mr. C. R. Levelton,
and Mr. B. A. Campbell.

While the returns to the fishermen are being dissipated through over-capitalization with the result that increased Government expense is required in order to regulate the industry, is this any different than the picture in agriculture in Canada today where by means of Government policy they are actually encouraging the small and individual units by means of the subsidy policy?

Government policy in the last two decades has resulted in increased social welfare and assistance payments of one kind and another but despite this, except under wartime pressure and legislation, there has been no attempt made to plan or allocate men or capital into definite channels of production. A program for limiting licences arbitrarily will result in a large number of marginal or subsistence producers who are not capable of doing any other type of work being forced out of the industry into social assistance channels.

The second reason for limiting licences, namely, for conservation purposes, is a very real problem but whether restriction of licences would ease this problem is subject to argument.

It was apparent from the discussions which we had during the last month that to achieve an economic balance in the fishing industry would result in social problems which would have to be solved concurrently or, in the end, they would loom larger than the present economic problem.

In discussing the various aspects of limiting licences, the political aspect has only been touched on briefly but these in the end will be the determining factor on whether or not there will be limiting of licences.

From the foregoing remarks, it will be realized that personally I do not feel that any arbitrary scheme for limiting licences is warranted or possible under our present system of Government.

The solution to the problem of over-capitalization must come from the fishing industry itself.

As long as companies and other individuals are prepared to risk capital in the fishing industry, they must feel there is an opportunity for profit. When the stage is reached where no profit is realized, then capital will no longer be invested. Profits have been possible because of increasing prices and improved efficiency, both at the primary and secondary levels.

Limiting licences is not going to go very far towards relieving the pressures on management controls. If entries to the fishery are limited, those remaining would continue to improve their efficiency to the extent that they would continue to be able to take the allowable catch in the same length of time as at present. True, the number of fishermen protesting any particular closure would be fewer but those left would be just as vocal. With restriction, a new type of pressure would be added, namely, by those who wanted to fish but could not qualify for a licence.

Possible Action And Results

The pressure on the Department of Fisheries for some scheme of licence limitation has been increasing in recent years. Most of the pressure has come from the U.F.A.W.U., although other groups, such as the Pacific Trollers' Association, have been asking for some form of restriction of entry. An examination of their main proposals and objections to them are outlined below:

(a) Moratorium

None of the groups advocating various forms of licence limitation have attempted to assess what the consequence of such action might be or what would be the effect on other segments of both the primary and secondary industries.

The recommendation that a moratorium (on personal licences) be established appears to be favoured most by proponents of limitation. The Departmental committee were all agreed that such a proposal was not practical.

The result of such a moratorium would be a very quickly depressed fishing industry. As the number in the industry decreased, a surplus of boats would quickly result and boat prices would drop. There would be no incentive to build new boats and shipbuilding would become depressed.

During the course of discussions during the past month, some fishermen have indicated they would be prepared to get out of the industry if they could find a "fair" market for their boats. A moratorium on licences would result in a poorer market which would have the effect of keeping in the industry those who might normally retire on the returns from the sale of a boat but because of depressed prices for boats would no longer be able to retire.

Further, the possibility of setting up an acceptable definition for those persons who should be allowed first entry into the industry would be subject to pressures from all sides.

(b) Require Fishermen To Obtain Certain Percentage Of Income From Fishery

Several of the fishermen's groups made a point of insisting that to qualify for a fishing licence during the current year, that he should have obtained a certain percentage of his income from fishing the previous year. This percentage recommended ranged from 30% to 75%.

Here again, there appeared to be no attempt by organizations favouring this approach to examine exactly what the results might be of such a program. Such questions as what constituted "outside income", whether net or gross fishing

income should be considered the criteria, or how such a scheme could be policed were all regarded as minor considerations of administration when actually from a practical point of view the interpretation and enforcement of such problems would make the plan difficult if not impossible to implement.

It was suggested by fishermen that they would police such a plan and would inform on those fishermen who they felt would not qualify for licence by reason of income. Experience has shown that fishermen will not inform regularly on others, even in the case where regulations are not being observed, so why they would police an income regulation which they would not be able to prove is hard to understand?

(c) Eliminating Buyers From The Financing Of Fishing Enterprises

One of the major reasons for over-capitalization in the fishing industry results from the policy of financing as followed by the fishing companies. Each company wants to maintain or expand its percentage of the salmon catch. This is done by a system of controlled indebtedness that requires that fishermen sell to a specified company under threat of boat seizure. Once into the financing, both the company and the fishermen have no recourse but to stay in it. To protect the company investment, not only in the primary but in the secondary industry, the company has to advance money for modernization of the fishing boat and for bigger and better fishing boats in order to compete with others for a share of a constant salmon catch.

It has been estimated that there is 10 million dollars in outstanding indebtedness by companies in the present fishing fleet but the amount would depend on the time of year an assessment was made and it would not be unreasonable to assume that this 10 million represents the minimum rather than the maximum indebtedness during the year.

If companies were prohibited from controlling deliveries, they would no longer have the same incentive for financing fishermen. However, finding a practical method of achieving this prohibition has yet to be suggested.

The methods that have been suggested include:

- (1) Instituting an auction system at port markets - practical consideration of small deliveries over a large coastline and with large daily peaks make such a system almost impossible to implement. If it were implemented, it would probably require a top-heavy administration scheme which would have to control packing and storage and would probably be so unwieldy that the cost of operating would soon dissipate any increase in prices.

- (2) Formation of a producers Marketing Board. This would have to be a Provincial-Dominion Board and implementation of such a scheme, if opposed, would prove difficult. The Marketing Board would have to be responsible for allocation of supplies to canners and here again would be faced with serious physical difficulties of collection and transportation.

Because of the question of restrictive trade practices, company officials in B. C. have been exploring this whole question but have not been able to devise any plan that would be workable.

Licencing Of Enterprises

During the course of our discussions on licence limitation, it was apparent that a more acceptable solution to licencing the individual would be to licence the enterprise or boat. Before any limitation program were to be attempted, it was agreed that some form of registration of enterprise would have to be introduced. British Columbia is the only Pacific area where only nominal commercial licence fees are charged. Every west coast State impose much higher licence fees which take the form of boat licences, gear licences, personal fishing licencing and landing taxes.

Licence fees paid in Washington State include:

Boat Licence.....	\$10.00
Personal Fishing Licence.....	\$10.00
Gear Licence Ranging From....	\$ 7.50 - \$22.50
Landing Tax Of 2% of Value of Spring and Coho	
1% of Value of Other Species	

Because of the nominal licence fee in British Columbia, the actual number of licences issued does not represent a true picture of the number of fishermen as many people take out commercial fishing licences who have no intention of fishing.

Also, because of the nominal licence fee, many get into the commercial fishery for only short periods. The ease of entry has led to many abuses of the actual purpose of a commercial licence.

All four Departmental members were agreed that an increase in licence fees was warranted and regardless of whether any other action was taken, should be the first step in a limitation scheme.

Actual details of the extent of the increase was not spelled out but there was a general feeling that the enterprise should be licenced.

The method of licencing in Washington State appears to offer the best method of meeting all needs and it is suggested that the following be considered:

- (1) Require all boats engaged in the commercial fishing industry to be licenced with a permanent fishing number. This would include packers, collectors, scout boats, as well as fishing vessels. The fee for this enterprise licence should be \$10 and should be renewed each year.
- (2) Require that each type of fishing gear be licenced. Consideration could be given to increasing this progressively each year as the amount of gear declined. If more than one type of gear was fished, each type would of course require a separate licence.

Suggested gear licences should be as follows:

	<u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>
Handline	\$ 10	\$ 20	\$ 25
Shrimp - Crab	\$ 10	\$ 20	\$ 25
Gillnet Salmon	\$ 25	\$ 50	\$ 75
Troll Salmon	\$ 25	\$ 50	\$ 75
Seine Salmon & Herring	\$100	\$200	\$250
Halibut Longline	\$ 50	\$100	\$200 (might be separate licence fee for small boats)

Other gear could be determined based on their average return.

- (3) In addition, in order to have control over the actual persons fishing, a personal fishing licence should be required which would allow them to fish any gear, and here again the amount charged could be increased as the number of persons in the industry declined. However, it is suggested that the personal licence fee be set at \$10 per year.

This might appear to be an additional cost to the fishery, but it appears desirable that this direct charge to the fishing industry is warranted.

The actual returns from these licences based on a substantial reduction, particularly of those licencees who receive little if no income from the fishery, might be as follows:

Seiners

- Boat Licence - 500 x \$10.....	\$ 5,000
- Gear Licence - Salmon - 500 x \$100.....	50,000
- Herring - 100 x \$100.....	10,000
- Personal Licences - 3,000 x \$10.....	30,000

Gillnet & Trollers

- Boat Licence - 4,000 x \$10.....	40,000
- Gear Licence - 6,000 x \$25.....	150,000
(6% reduction allowed)	
- Personal Licence - 6,500 x \$10.....	65,000

Other Licences (estimated)..... 50,000

TOTAL..... \$470,000

This represents 1 1/4% of landed value in 1961 and only about 8% of the total annual expenditure of the Department of Fisheries in British Columbia.

Coupled with the suggestion that licences be increased is the suggestion that all applications for licences be applied for at least three months in advance of the start of each fishing season.

This would mean that:

- Halibut licences would have to be applied for by Feb. 1st.
- Salmon licences would have to be applied for by April 1st.
- Summer herring licences would have to be applied for by
March 1st.

Fall herring licences would have to be applied for by Aug. 1st

Similar dates could be determined for other branches of the industry.

The committee felt that if these measures were taken, many of the non-productive fishermen would be quickly taken out of the industry and although the incomes of those remaining might not show any immediate startling increase, many of the irritants that have been part of the industry for many years would be removed.

It should be suggested to the industry that in taking this first step that a close watch will be kept of the credit policy of companies in the hope that there will be a control of credit without the Government having to get into the picture.

At the same time, it will be possible to study each year the trends in numbers of fishermen and fishermen's incomes to see what results such a program will have. A similar study of the results on regulations in the various areas can also be determined.

Retiring Of Enterprise From Industry By Purchasing

One plan that was suggested and given serious consideration was that once enterprises were licenced no new enterprises should be allowed except as replacements and any money obtained from licences should be used as a fund to buy the boats of those who wanted to retire from the industry. In other words, the Government would be given first option to buy any boat offered for sale.

This plan might be feasible if there were not such a large number of enterprises in the industry and if the companies were not in the competitive field of bidding for supply.

There are a large number of boats in the fishing industry today that are not seaworthy and if replaced by a modern boat of equal size would add greatly to the efficiency of the fleet. The actual value of such a type of boat is small but companies would soon recognize the value of the licence and be prepared to bid more than the boat is worth to obtain control of the licence to be used in building a new enterprise.

Secondly, the amount of money that might be collected would initially be very small in relation to the number of boats that would have to be retired. Coupled with this is the inflated sense of value that many fishermen have as far as their own boats are concerned.

Limitation Of Licence As It Affects Native Indians

A major problem in all program of licence limitation would be that of the native Indian fishermen. While there are successful native fishermen operating in B. C. and making good income, studies that have been made in the past have shown that the average native income is about one-third lower than average for all fishermen.

The Native Brotherhood during discussion on this question of limitation took very strong views that the number of natives should not be reduced below present numbers. They took this attitude on the grounds that most of these native fishermen were not trained or accepted in other occupations.

There are about 2,000 natives engaged in the fishing industry today who rely in whole or in part for some of their yearly income. To exclude such a large group from any licence limitation plan would make it difficult if not impossible to implement a licence limitation scheme and the native Indian problem must be regarded as a special problem in the B. C. fishery.

APPENDIX VII

A CASE FOR CHANGES IN LICENCING PROCEDURES AND FEES

Blake A. Campbell,
Chief, Economics Branch,
Pacific Area

A. Historical Review Of Licence Fees

Licensing regulations have always been an essential and integral part of the Commercial Fishing Regulations of British Columbia. Over the years, the cost of various types of licences issued has shown considerable range. At one time licences were very much higher than at present but it is of interest to note in the following table that there have been no significant changes in licensing procedure or costs since the Report of the Committee of Marine and Fisheries of the House of Commons under the chairmanship of William Duff made its recommendations for changes in 1922.

A summary of licence costs between 1894 and present shows some interesting developments.

	<u>1894-1910</u>	<u>1910-1915</u>	<u>1915-1923</u>	<u>1923- Present</u>
Commercial	\$10.00	---	---	---
Domestic	\$ 1.00	---	---	---
Boat Puller	\$ 1.00	---	---	---
Abalone		\$10.00	N/C	\$1.00
Crab		\$ 2.50	N/C	\$1.00
Clam		\$ 2.00	---	---
<hr/>				
Herring and Pilchard				
- GN		\$ 2.50	\$ 1.00	\$1.00
- Drag Seine			\$50.00	
- Seine		\$50.00	\$75.00	\$5.00
- Captain if not gear Licencee			\$ 1.00	\$ 1.00

	<u>1894-1910</u>	<u>1910-1915</u>	<u>1915-1923</u>	<u>1923- Present</u>
Smelt & Sardine				
- GN			\$ 1.00	
- Drag Seine			\$ 3.00	
- Purse Seine			\$ 5.00	
Salmon				
- Drag Seine		\$25.00	\$150.00 (1919) (1)	\$20.00
- Purse Seine		\$50.00	\$300.00 (1919) (1)	\$20.00
- Captain			\$ 1.00 (1920)	\$ 1.00
- Trap		\$50.00	\$500.00 (1919) (1)	\$50.00
- Gillnet		\$ 5.00	\$ 10.00 (1919) (1)	\$ 1.00
- Trolling			\$ 5.00 (1919)	\$ 1.00
Sturgeon		\$ 2.50	\$ 2.50	\$ 1.00
Other Fish			\$ 1.00	\$ 1.00

(1) In addition to licence fee, the drag seine, purse seine and trap fishermen were required to pay one-half cent per salmon.

Because of the tremendous revolution in catching methods that have occurred in the commercial fishing industry since 1923, it would appear that a detailed review of licence fees and procedures is warranted and I have attempted here to examine the present scale of licence fees and procedures in the light of needs of all segments of Government and industry.

B. Review Of Present Licencing Fees And Procedures

There are three main reasons for licencing of fishermen:

- (1) Revenue
- (2) Regulations and Management
- (3) Statistics

A review of each of these functions as applied to the present licencing regulations appears desirable.

(1) Revenue - It will be noted in the table that the present cost of an individual commercial fishing licence is \$1.00 with some gear licences ranging as high as \$20.00. This is only a nominal cost and while there is no way of separating the issuing costs from other administrative costs it is obvious that these present licence fees do not begin to defray even the cost of issue. There is therefore no net income to the Federal Government accruing from these present licence fees. The lower fees were recommended by the B. C. Fisheries Commission in 1922 following a depression year of 1921 when the value of canned salmon production dropped to 5.9 million dollars from 12 million dollars in 1920. Today the value of canned salmon production averages 26 million dollars, or about five times the 1921 value.

(2) Regulations and Management - At one time salmon licences were limited in different areas and thus strict control over licence numbers was needed. Subsequently, when this restriction on numbers was eliminated and fishing fleets became more mobile, licence numbers were used as a basis to determine how many boats were operating in a particular area or a district. In each case of movement from one area to another it was necessary for fishermen to report to the local Fishery Officers and licence numbers were essential. However, with the advent of radiophones and better communication facilities this transferring of licences has been discontinued and can no longer be considered a reason for licencing.

There still remain two good reasons for licencing fishermen from the regulation and management standpoint. First, when issuing a licence it is possible for issuing officers to ensure that all persons engaged in the fishery are qualified on the basis of regulations. Second, licence numbers provide an immediate identification of fishing vessels and this is of value to Fishery Officers when enforcing fishing regulations. The present "Fisheries Act" provides that the Minister of Fisheries may cancel any licence or licences issued under the authority of this Act if he has ascertained that the operators under such licence were not conducting in conformity with its provisions. This clause in the Act, while seldom enforced, is probably a deterrent to illegal fishing. However, it is doubtful if the present system of licencing is providing the best control for regulation purposes and an entirely new licencing system would more adequately serve the modern needs of the Protection Branch.

(3) Statistics - At one time the licences issued provided an accurate picture of the number of fishermen who engaged in commercial fishing each year. However, recent studies have shown that a great many persons take out commercial fishing licences who do not sell any fish or are not crew members on commercial fishing boats. There are two main reasons, because of the nominal cost, why such licences are purchased, both of which are only a means of getting around other Government regulations.

These include:

- (1) Fishermen who operate with sport fishing gear and do not want to adhere to the sport fishing limit.
- (2) Boat owners who are purchasing engines and other boating supplies and who wish to avoid the federal sales tax will take out a commercial fishing licence and use this number at the time of purchase.

There are also a large number of persons taking out commercial fishing licences who sell only a few fish each year. These include mainly small trollers who sell fish caught in excess of needs.

A review of returns to fishermen in 1961 and 1962 ^{1/} reveals the extent of the number of persons who took out licences who cannot be classed as commercial fishermen.

^{1/} From study of Gross Returns prepared by Economics Branch - 1961 and 1962.

	G I L L N E T		T R O L L	
	1961	1962	1961	1962
Number of Licences Issued	5 830	5 582	6 682	6 117
Assistants	<u>485</u>	<u>483</u>	<u>500</u> ^{1/}	<u>500</u> ^{1/}
Number of Boat Owners or Operators	5 345	5 099	6 182	5 617
Number Reporting Income	<u>4 801</u>	<u>4 873</u>	<u>4 883</u>	<u>3 934</u>
Number Not Fishing Commercially	544	226	1 299	1 683
% of Total Number of Owners or Operators	10.2	4.4	20.8	30.0
<hr/>				
Number of Fishermen Reporting Gross Returns Less Than \$100	637	674	2 033	1 348
Number of Fishermen with Gross Returns in Excess of \$100	4 164	4 199	2 850	2 586
% of Commercial Licences (Other Than Assistants) With Gross Returns in Excess of \$100	77.9	82.3	46.1	46.0

^{1/} Estimate.

From the above, it can be readily seen that the number of licences issued does not represent the number of commercial fishermen and should no longer be used for statistical purposes without additional interpretation and refinement.

General

There is general recognition throughout the department and the fishing industry generally that a change in commercial licencing fees and regulations governing the issuing of licences is needed. There is also agitation in some quarters for a sport fishing licence.

In 1963, some modifications in commercial licencing procedures were adopted within the present framework of existing regulations. These procedures will be refined still further in 1964. With these changes as a basis, it would appear that it would be an opportune time to review the possibility for a complete revision of all regulations governing commercial and sport fishing licences. The possible extent and the economic and politic effect of such changes are discussed in some detail in the following sections:

C. Review Of Effect Of Changes In Licencing Fees And Procedures

Recommendation of "Sinclair Report" on Commercial Licence Fees

Dr. Sinclair^{1/} in his report on licence limitation stated as follows:

"It does not seem unreasonable that a licence fee of \$10 per fisherman for all fisheries should be impossible. A licence fee per boat is also in keeping with regular practice on comparable enterprises. Such a fee can be adjusted by type of boat and fishery in the magnitude of \$40 for a single fishing gillnet or troll boat and to increase to \$100 for the largest longliners or combination seiners."

He stated that this increase is justified on five grounds:

- (1) Bring the number of fishermen and fleet into closer adjustment with ability of fishermen to provide them with adequate returns.

^{1/} Licence Limitation - British Columbia - A Method of Economic Fisheries Management - Sol Sinclair, University of Manitoba - 1960.

- (2) Deterrent to the casual fishermen.
- (3) Reduction will improve net returns for remaining fishermen.
- (4) Cost of maintaining fishery has increased and it is not unreasonable to expect those who benefit to pay for increase in cost.
- (5) A payment for a right to exploit is a common method in our economy.

While increased licence fees would have a direct and immediate effect on limiting the number of fishermen there are other reasons for increasing fees and here again we can look at them from the three viewpoints of revenue, regulations and statistics.

(1) Revenue - (Estimate)

Personal Fishing Licence Number of Fishermen	-	12,000 x \$10 =	\$120,000
Boat Licence - 10 Tons and Over	-	1,200 @ aver- age \$80 per =	96,000
Boat Licence - Under 10 Tons	-	6,000 @ aver- age \$40 =	240,000
			EXPECTED REVENUE \$456,000
			1961-1962 Licence Revenue 45,000
			REVENUE INCREASE \$411,000

The increase in commercial licence revenue that would result from the suggested increase in fees based on the above figures would amount to approximately \$411,000.

The estimate is based on a decline of 3,000 in the number of persons taking out commercial fishing licences and a decline of 2,000 in the number of boats engaged in commercial fishing operations. It is possible that the decrease in number of fishermen might be even higher and the increase in revenue from commercial licences could be as low as \$350,000.

(2) Regulation And Management Needs

The imposition of the fees mentioned would result in curtailing the activities of a number of casual or part-time trollers and some part-time gillnetters who are a perpetual source of irritation to the Department. Such fees would eliminate almost entirely the group of fishermen who are using sport gear and take in excess of their limit under a commercial licence. The work of issuing licences would also be curtailed and if a further proviso were implemented whereby those requiring licences would apply by a deadline of March 31st, then much of the work of issuing licences could be centralized and taken off the shoulders of Fishery Officers during their busy season.

(3) Statistics

Those taking out commercial licences under the schedule of fees outlined here could be classified for statistical purposes as commercial fishermen. Similarly, boats that they are using would be considered as engaged in commercial fishing operations.

Reaction of Fishing Industry Organizations to Increased Commercial Licence Fees

When the "Sinclair Report" was published and fishing organizations were asked to comment on the various recommendations of the report, the question of increased licence fees was dealt with by several organizations. The submissions from the various groups were summarized and prepared for study in a documented memorandum. ^{1/}

The U.F.A.W.U. in its brief stated that, "The Union rejects the agreement that rights to fish are comparable with rights to exploit other resources. For that reason, and because it would discriminate against the poorer fishermen (especially among the native population) they are opposed to an increase in licence fees and to the establishment of an auction on licences"....."They object to the idea that fees become a source of government revenue to be used for research, etc." After saying this, however, the Union goes on in its brief to present its own recommendation that each licensed fisherman would be required to pay a \$10 fee for a numbered fisherman's book and licences granted at a nominal fee.

The B. C. Gillnetters Association recommended licences of \$200 - \$500 to be issued to each boat owner for a five-year period.

The Pacific Trollers Association did not comment directly on a licence fee increase but discussion with their executive indicated that they were not actively opposed to an increase in licence fees.

^{1/} "On the Management of the B.C. Fisheries". - Prepared by

The Fisheries Association of British Columbia in its reply did not mention increased fees but in discussion a committee from the Association did make the observation that they felt that an increase in fees would result in companies being called upon to advance such licence fees and this would be another financing charge against the companies.

The Prince Rupert Fishermen's Co-operative Association examined the increased fees recommended only from the point of view of licence limitation and pointed out the obvious truth that the eliminating of the small fisherman is not going to result in any significant increase in fish landings by those who remain in the commercial fishery.

It is significant to note that after hearing all the discussion that the review committee of the Department of Fisheries, consisting of Messrs. MacKenzie, Hourston, Campbell and Levelton, came up with only two recommendations on licence limitation which they felt should be implemented in stages.

- (1) Revise licence fees for fishing enterprise and establish a deadline date each year for obtaining licences.
- (2) Permit no new enterprises but permit transfer of ownership with the industry and between present owners and new owners.

While the change in licence fees is put forward here for other reasons than commercial licence limitation it is very obvious that the changes as suggested here could become the first step in any program of licence control that the Government might wish to propose.

Implementation Of Proposed Licencing Changes

In order to implement the commercial licence changes suggested here, a large number of regulations would have to be amended. Individual licences for each type of fishery would have to be eliminated from the regulations.

Under this system it would no longer be possible at end of year to determine from the licences how many boats or enterprises are engaged in a particular fishery. However, much more reliable information on the actual number of enterprises selling commercially will be available from the sales slip tabulation.

A section would have to be added to the regulations providing for a personal fishing licence which would be in addition to a gear or enterprise licence. While Sinclair recommended a definite range of fees for both the personal and gear or enterprise licence, the

actual range of fees charged would be a matter for Department decision. (A previous memorandum with actual suggestions of licence fees was submitted at the time of the licence limitation committee review in 1962. 1/)

There is every reason for proceeding with the changing of our licencing procedure as soon as possible, particularly in the light of investigation that will be proceeding into the fishing industry's need for some means of marketing legislation.

Demands For Sport Fishing Registration Or Licencing

During the past ten years, there has been a tremendous increase in the impact of salmon sport fisheries in the tidal waters of the province. This increase has resulted in development of new industries catering to sports fishermen.

Such industries as boat building, tackle, gas and oil, motels and tourist lodges, guiding and many other auxiliary industries have found themselves caught up in the middle of this expanding recreational outlet.

With the increased pressure of the sportsman on the salmon resource, the problem of regulation and management of two major salmon species--coho and spring salmon--have become of increased concern to the department.

To regulate the salmon runs properly the Department biologists and administrators must have proper statistics. The Economics Branch started the compilation of salmon sport fish catches by area in 1953 and have continued each year with the help of local Fishery Officers to collect these statistics. Although considerable time and effort is spent on this work and continuing applied statistical research is carried out, it must be recognized that the statistics compiled are estimates. One tool that has been used to determine overall effort and catch used to advantage has been the information reported by rental operators. However, during the last few years the percentage of persons using private boats has increased so rapidly that the relationship between private and rental boats can no longer be considered a reliable source of basic data on which to base sport fish statistics.

1/ "General Review of Licence Limitation Problems in British Columbia" submitted to the Department on July 10, 1962.

Officers responsible for the collection and compilation of these statistics are finding it more difficult to arrive at reliable catch data without more adequate information on the number of persons or number of boats in each area participating in the tidal sport fishery. These officers have expressed themselves strongly on many occasions that the estimates which they are required to provide are open to question. Studies now under way will provide some measure of the extent of such participation but until such time as a registration or licencing fee is implemented, such measures can be only estimates.

The number of participants in the sport fish resource is expected to continue to expand and the conflict of interest between commercial fishermen and sport fishermen will become of increasing concern to management.

The problems related to the management of the salmon resource which seeks to provide a sustained or increased yield has in the past been dealt with primarily on a biological basis. As the sport fishing industry increases in number and participants become more vocal, it will be necessary to give more attention to the economic returns and political factors arising out of competing commercial and sport fisheries. With an increasing number of commercial interests being directly affected by the availability of salmon for sports fishing purposes, the Department will need to have available the best possible statistical and economic information, as well as biological information, on which to base and defend management decisions.

The first prerequisite in collecting accurate and detailed information on the sports fish is to determine the number of sports fishermen and the fishing effort each year and this can only be obtained by means of a licence or registration.

One of the recommendations of the "Sinclair Report" called for a \$5.00 Sports Fishing Licence and immediate objections to this recommendation came from sports writers, tourist resort owners, rental establishments, and the Provincial Department of Recreation and Conservation. The objections were primarily on the ground that such a licence would greatly curtail the casual fisherman who is the backbone of the tourist and rental resorts, particularly on Vancouver Island.

However, in the past year there has been an increased interest in a sports fish licence and a tidal sport licencing system has been endorsed by the B. C. Federation of Fish & Game Clubs as well as other groups. However; in every case where a tidal sport licence is considered there has been the proviso that commercial fees would have to be increased. It is also significant to note that there is no uniformity on the amount of the licence fee to be charged and there still remains widespread opposition to any licence.

Let us look at possible sport fish licence fees from the point of view of revenue and departmental administration.

Estimates of the number of tidal sports fishermen place the total at between 125,000 - 175,000. On a basis of \$5.00 per licence, the revenue return to Government would be between \$500,000 - \$600,000 based on an issue of 100,000 - 120,000 licences. This would yield more than the commercial fisheries licences based on schedule outlined previously. This would be difficult to justify when it is considered that sports fishermen take less than 1% of the total salmon catch of British Columbia.

A nominal licence of \$1.00 would not begin to pay for the cost of printing, issuing and checking licences, let alone enforce the licence regulations. It would not be practical to take on new officers to issue such licences and the alternatives would be to establish agencies at rental establishments, tackle stores, etc. to issue the licences. A fee approaching 25% of licence cost would probably have to be given to such agencies to undertake this job. A fee of \$2.50 would probably be the minimum that could be charged if costs are to be recovered and some revenue provided to Government.

An alternative to a \$1.00 or \$2.50 licence would be a registration which would provide the necessary information to the Department but would do away with most of the controls needed in auditing licence monies.

This registration could consist of a two-part form which could be completed by each individual sports fisherman. The carbon copy of the form could be a postcard addressed to the Department of Fisheries, with return postage guaranteed. The original of the licence would be retained by the fisherman and would be carried at all times and would have to be presented upon demand to Fishery Officers. Regulations would have to be enacted which would make this registration mandatory and penalties provided for not having a licence. Consideration might be given to having the sports fishing establishments validate the licences with a stamp to insure that all information requested on the licence form was adequately completed.

The blank registration forms could be available from sport fishing stores, tackle shops, etc. and should probably carry a small charge of 25 cents to avoid waste and provide an incentive for agencies to handle the registration forms. A nominal cost of 10 cents each might be made to the agencies wishing to handle licences, again in order to reduce waste.

While such a form of registration would minimize the cost, there would still be some additional expense involved in such an operation.

These expenses might be estimated as follows:

(1)	Cost of printing 300,000 registration forms.....	\$ 1,500.00
(2)	Return postage on 150,000 registration forms @ 6 cents.....	9,000.00
(3)	Additional staff requirements to punch and process.....	3,000.00
(4)	Additional machine rental - I.B.M. punch card.....	<u>1,000.00</u>
		<u>\$14,000.00</u>

If a 10 cent charge were made, the revenue return would amount to \$15,000.00.

The cost of postage could be materially reduced by providing the distributing agencies with return envelopes which could be returned weekly to the Department.

The registration forms, in addition to the name and address, could contain about 4 - 5 questions on the type of sport fish operation normally carried out by the fisherman.

Once such a registration was in effect, it would then be possible to work out sampling techniques which would provide accurate and detailed catch statistical information. The using of such a form, if agreed upon, would have to be subject to field tests in order to insure the best possible results.

Such a program of registration would overcome most of the objections that have been put forward against a tidal sport fishing licence. At the same time, it would provide a basis for obtaining proper statistics for management regulations.

There are an increasing number of persons who feel that a tidal sport fishing licence, which would provide increased revenue for development of the salmon resource, is warranted but at the present time this would be a difficult program to put across and would lead to accentuating the conflict that presently exists between sport and commercial fishermen.

D. Consideration Of Alternative Proposals For Licencing

The recommendation for changes in licencing fees and procedure that have been outlined here are not necessarily the most desirable but I feel would evoke the least objection from the commercial industry, the sport fishing fraternity, and from the political standpoint.

Other alternatives which might be more acceptable for management regulation and from the standpoint of better statistics would probably run into strong objections from many sources.

The recommendations suggested in this memorandum, if implemented, would not yet fully solve:

- (a) the problem of sport fishermen taking out commercial licences
- (b) the need for the tidal sport fisherman to pay for some share of a common property resource which he is exploiting. In this connection, the exploiting of salmon by United States sportsmen is one that is becoming of increasing concern.
- (c) the question of the number and type of boats engaged in the sport fishery of the province

Solutions to these problems could be found by requiring a compulsory licence for boats engaged in both commercial and sport fishing. The fees for such licence would have to range from \$5.00 - \$100 to pay for administrative costs and return some revenue to the Government which would pay for the development of the resource.

- (d) the conflicts between seine and gillnet fishermen with respect to equal rights in all cases.

It is recognized that further changes in sport fishing licencing fees procedures will no doubt become necessary but in the interim the registration suggested here will provide some basis of conducting studies on which to base future policy decisions.

October 3, 1963.

APPENDIX VIII

REPORT OF WORKING COMMITTEE ON METHODS OF
IMPLEMENTING LICENCE CONTROL PLAN

Committee Members:

Blake A. Campbell - Chairman
M. Houghton
W. Scholey
S. L. Young - Secretary

The following subjects have been reviewed by the Working Committee:

A. Types and Forms of Application and Licences

To implement the proposed licencing system the following forms, plates and receipts would be required:

- (1) Application and renewal forms for:
 - (a) commercial fishing vessel licence.
 - (b) validation to engage in salmon fishing.
- (2) Commercial fishing vessel licence plate and salmon validation tabs and receipt certificate for:
 - (a) vessel licence.
 - (b) salmon validation.
- (3) Personal commercial fishery licence.
- (4) Temporary commercial fishing vessel licence sticker.

B. Special Requests for Statistical Purposes

- (1) Plastic plate with vessel licence number.

C. Administrative Procedures

D. Costs of Licences

E. Review of Commercial Fishing Licencing Procedures and Costs in
Pacific Coast States

A. TYPES AND FORMS OF APPLICATION AND LICENCES

(1) Application and Renewal Forms for Commercial Fishing Vessel Licence and Validation to Engage in Salmon Fishing

It was agreed that applications for commercial fishing vessel licence and the salmon validation should be on one application form and the yearly renewal form should be the same as the application form. A re-completion of application form will be necessary each year in order to ensure that any changes made in rebuilding the boat during the previous year have been taken into consideration. (Proposed Combined Application - Attachment I). It is suggested, however, that implementation of the renewal type form be deferred until 1967 to avoid any confusion with present numbering system.

In addition to the salmon validation section, which is part of the combined vessel licence application form, a separate salmon validation application would be available. (Proposed Salmon Validation Application - Attachment II).

Both these application forms should be available at Fishery Offices, and through organizations and companies allied to the fishing industry.

One copy of each application, with accompanying certified cheque or postal note or money order, should be sent to Pacific Area Headquarters.

The application for vessel licence and salmon validation should be made by the owner of the vessel or operator of the vessel.

NOTES - All applications for salmon validation must be made by March 31st and no salmon validation will be accepted unless the commercial fishing vessel has been licenced for the current year.

- Commercial fishing licence and salmon validation will remain with the vessel and not the fisherman.

- If a vessel is sold during the year it will not be necessary to record the transfer. At the time of renewal this information will be noted on the application.

- A boat owner or operator who wishes to obtain his licence in person may do so by completing the application and presenting it with the fee at the licence section of the Department in Vancouver Headquarters.

- A separate section of the Headquarters office should be designated as the licence section.

- A decision will have to be made on whether a boat under construction on April 1st should be able to apply for a salmon

DEPARTMENT OF FISHERIES OF CANADA

APPLICATION for a Commercial Fishing Vessel Licence or Validation to Engage in the Salmon Fishery for the Calendar Year _____ in Waters Adjacent to British Columbia in Accordance with the B. C. Fishery Regulations.

(THE APPLICATION FOR VALIDATION TO ENGAGE IN SALMON FISHING MUST BE RECEIVED BY THE DEPARTMENT OF FISHERIES IN VANCOUVER, OR POSTMARKED NOT LATER THAN MARCH 31st OF EACH YEAR).

Name of Applicant (Print) _____
Family Name Given Names

Mailing Address of Applicant _____

Vessel Owner's Name (As Above) or _____
check:

Vessel Owner's Address _____

Information on Vessel:

Vessel Name _____ D.O.T. Number _____
Overall Length _____ Tonnage _____ Year Built _____ Last Year Rebuilt _____ Present Value _____
Registered (Net)
Engines: _____ Check Type of Power: Diesel Gas Row or Sail
Horsepower _____

If vessel or engine purchased last year, what was cost?

Total Vessel Cost \$ _____ Engine if purchased separately \$ _____

Fishing Types: Gillnet Trawl Combination Drum Seine
Check every _____
Troll & Gillnet
Activity of (Vessel) Table Seine Trawl Longline Other
(Groundfish) Specify _____

What was the value of all fishing gear purchased for this vessel last year?
\$ _____

Electronic Gear: Radiophone Direction Automatic
Check all equip- FINDER Pilot _____
ment on board) Loran
Echo Sounder Radar Sonar

F E E S

All commercial fishing vessels must be licenced (suggested) \$ 15
All commercial vessels engaged in the salmon fishery
require a validation to fish for salmon (See Net
Management table below for correct fee). Applicant to complete _____
(Fee) \$ _____
Certified cheque, money order or postal note is enclosed for \$ _____

Salmon Validation Fees:	
Registered (Net) Tons	Fee
Under 15	\$ 40
15 - 24	\$ 75
25 - 49	\$ 125
50 +	\$ 175

Signature of Applicant _____

Date _____

CREST

(TO BE USED ONLY IF VALIDATION NOT PREVIOUSLY APPLIED FOR AT TIME OF APPLICATION FOR COMMERCIAL FISHING VESSEL LICENCE)

DEPARTMENT OF FISHERIES OF CANADA

APPLICATION FOR VALIDATION OF A LICENCED COMMERCIAL FISHING VESSEL TO ENGAGE IN THE SALMON FISHERY

OF _____

For the Calendar Year of _____ in Waters Adjacent to British Columbia in Accordance With the B. C. Fishery Regulations

THIS APPLICATION MUST BE RECEIVED BY THE DEPARTMENT OF FISHERIES IN VANCOUVER, OR POSTMARKED, NOT LATER THAN MARCH 31ST OF EACH YEAR

Name of Vessel to be Validated: _____ Name

Commercial Fishing Vessel Licence Number: (C.F.V. Number) _____

Name of Owners: _____

Registered (Net) Tonnage: _____

Overall Lengths: _____

Salmon Validation Fee	
Registered (Net) Tons	Fee
Under 15	\$ 40
15 - 24	\$ 75
25 - 49	\$ 125
50 +	\$ 125

The salmon validation fee corresponding to the Registered (Net) tonnage table shown above is \$ _____

Certified cheque, money order, or postal note is enclosed.

Name of Applicant

Mailing Address of Applicant

Date

(2) Commercial Fishing Vessel Licence and Salmon Validation Tab and Receipt Certificate

Upon receipt of the application for commercial fishing vessel licence and salmon validation, plates or tabs, respectively, will be issued together with a form which will be a special receipt certificate and will be the back-up form for the commercial fishing vessel licence and salmon validation. (Attachment III). Receipt certificate must be posted or retained on boat when fishing.

A design of the basic commercial fishing licence plate, together with the annual renewal plate and salmon validation tab, is attached. (See Attachment IV).

The recommended size for the basic plate for a vessel is $4\frac{1}{2}$ " x 9" and an illustration is attached. The numbered sequence can be carried on each year. Two plates will be provided--one for each side of the vessel.

The initial issue is not expected to exceed 10,000, with not more than 500 additional plates required each year. Initially, the numbered sequence of licences should be from 1 - 12,000.

In the suggested design of the plate a space is left at each side of the licence. The one on the left side will be for the yearly salmon validation tab. This will be renewed and replaced each year. The C.F.V. number on the validation tab will coincide with the number of the basic plate. The color of this validation tab will change each year.

On the right-hand side of the plate there will be a space for the yearly renewal tab. This tab will show the year of renewal and the C.F.V. number will be imprinted on the plate to coincide with the number of the basic plate.

In the first year of issue the right-hand space would not necessarily require a yearly date tab, but in order to establish a routine, even in the first year, a yearly tab would be preferable.

(3) Personal Commercial Fishery Licence

The personal commercial fishery licence for the operator of the commercial fishing vessel should continue to be issued by the officers in the field with the same routine for handling as at present, excepting that only one licence is required for all fisheries.

A new licence form has been drawn up and is attached. (Attachment V).

The sequence of numbers for the personal commercial fishery licences should start at 20,000 in order to avoid any possible confusion with commercial fishing boat numbers.

Attachment III

PROPOSED RECEIPT CERTIFICATE

DEPARTMENT OF FISHERIES OF CANADA

CREST RECEIPT CERTIFICATE NO. 10007

VANCOUVER, B.C.19...

RECEIVED FROM \$.....
(NAME OF PAYER)

THE SUM OF DOLLARS

FOR: APPLICATION FOR C.F.V. LICENCE
 RENEWAL OF C.F.V. LICENCE
 SALMON VALIDATION PLATE

VESSEL NAME LICENCE No.....

VESSEL REGISTRATION No.....

.....

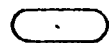
TO BE 3-PART, ONE TIME CARBON, CONTINUOUS FORM, NUMBERED IN SEQUENCE FOR ISSUANCE BY LICENCE SECTION.

ORIGINAL TO PAYER
DUPLICATE FOR CASH BLOTTER
TRIPLICATE FOR AREA HEADQUARTERS



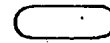
S

C.F.V.
12345



CANADA
DEPARTMENT OF FISHERIES
COMMERCIAL FISHING VESSEL

12345



65

C.F.V.
12345



SAMPLE LICENSE

CREST		DEPARTMENT OF FISHERIES PERSONAL COMMERCIAL FISHERY LICENCE - 1966 To fish during the calendar year in waters adjacent to British Columbia in accordance with the British Columbia Fishery Regulations.				Licence No. 20,001			
						Country of Origin			
NAME (Print in full)		Family Name		Given Names		Date of Birth	Day	Mo.	Yr.
ADDRESS IN FULL				Fee Paid \$	Identification Detail				
IS HE/SHY AUTHORIZED TO FISH AS A BOAT CAPTAIN (OPERATOR)					SIGNATURE OF LICENCEE:				
NAME OF BOAT									
This Licence is issued under the authority of the Fisheries Act and is not transferable. A. W. H. NEEDLER Deputy Minister of Fisheries					DATE:				
					ISSUED AT:				
SERIAL NO. C 30576 For Departmental Use Only			ORIGINAL etc.		COUNTERSIGNED BY: Fishery Officer				

Attachment V

The question of the personal commercial fishery licence number remaining the same each year should be reconsidered after this plan has been in effect one year.

The Committee examined the question of the cost of issuing licences and agreed that it was not practical to attempt a cost assessment at present, but could determine the additional costs involved in any addition to the licencing system if required.

(4) Temporary Commercial Vessel Licence Sticker

With all issuance of commercial vessel licence plates to be centralized, there will be occasions when a fisherman might wish to go fishing immediately. In the case of salmon, there will be no problem because no salmon validation can be applied for after March 31st. However, in the case of other species it is suggested that Fishery Officers be authorized to accept the commercial vessel licence applications and upon receipt of the necessary licence fee, to issue the fisherman a temporary sticker. This sticker is to be displayed on the vessel until such time as permanent plates are received. The officer will issue a field receipt and will forward applications and fees to headquarters for processing. The basic plate or renewal plate and receipt certificate will be forwarded direct to fishermen. (Licence Sticker - Attachment VI).

B. SPECIAL REQUESTS FOR STATISTICAL PURPOSES

(1) Plastic Plate With Vessel Licence Number

The issuing of a plastic charge-type plate to fishermen, which will show the name of the boat and the name of the operator, and boat number, is under consideration in order to provide exact licence information on boat numbers on sales slips, but needs to be explored with fishing companies.

If this is implemented, it is suggested that for the first year of the new system that these plastic plates be mailed separately to the owners or operators and this can be done in the Economics Branch separate from the licence issuing sections.

C. ADMINISTRATIVE PROCEDURES

(1) General

Special addressed, but not stamped, envelopes will be provided with the application forms. Upon receipt of application form in

special envelopes, Records Section will turn over applications unopened to Licence Section.

Licence Section will:

- (1) Scan applications to ensure all required data reported, and list particulars in register.
- (2) Check to ensure that proper fee received.
- (3) Issue "Official Receipt".
- (4) Issue licence plates, yearly validation tabs or salmon validation tabs, record the number on the official receipt and mail plates with receipt to applicant.
- (5) Prepare bank deposit for funds received and turn over to Accounts for deposit.
- (6) Weekly, semi-monthly or monthly as per demand, prepare Cash Blotter to clear deposits from the local bank. Accounts Section will prepare draft as required.

NOTE: Administrative procedures can be designed for handling applications direct from fishermen and from record section where applications and monies have been received in plain envelopes.

Once the application has been processed it will be turned over to the Economics Branch for coding and recording on punch cards, and returned and filed in licencing section.

At the end of each year, renewal application forms can be sent to each fisherman from the address list maintained on I.B.M. cards. This addressing can be done by the I.B.M. machine.

(2) Lost or Mutilated Plates

In the event of plates being lost or mutilated, it will be necessary for the owner or operator to apply for a new set of plates and the cost of such plates shall be \$2.00 for plates or validation. The same number will be retained at all times.

Attachment VI

CANADA · DEPARTMENT · OF · FISHERIES

CREST

TEMPORARY COMMERCIAL
FISHING VESSEL
CERTIFICATE

VESSEL NAME

ISSUED AT

BY
FISHERY OFFICER

DATE 19.....

D. COSTS OF LICENCES

The estimated cost of implementing this new licence plan would be approximately \$19,000 the first year and \$9,000 annually thereafter.

Breakdown of costs are as follows:

Basic Plate in duplicate numbered from 1 to 12,000 - first year only. (Plates to be used for five years)	\$10,500
Validation tabs - numbered:	
1 - 10,000 - Salmon	3,600
1 - 10,000 - Year	3,600
	<u>17,700</u>
Special mailing envelopes (Heavy Kraft) - 12,000	400
Three-Part Receipt Certificate - 15,000	250
Other Costs - Printing and additional stationery	<u>650</u>
	<u><u>\$19,000</u></u>

E. COMMERCIAL FISHING LICENCING PROCEDURES AND COSTS IN PACIFIC COAST STATES

C A L I F O R N I A

Administrative Agency - Department of Fish and Game of California

A. Boat Registration - \$10.00.

The Fish and Game Code of the State of California states that:

7870 "Every person owning or operating any vessel used in connection with fishing operations shall, for the purpose of identification and registration, carry in plain sight on each side of the

vessel, a Department of Fish and Game Registration number."

7921 "The licence shall be valid during the period from April 1st to March 31st of the year following...."

8010 "Every person engaged...who receives fish from fishermen... shall make a legible record in the form of a receipt in quadruplicate on a form provided by the Department. The receipt shall show:

- (a) weight of each species received.
- (b) name of the fisherman.
- (c) the Department of Fish and Game Registration Number of the boat.
- (d) the name of the recipient.
- (e) the date of receipt.
- (f) the price paid.

8015- Species, other reports, required from specific fishermen.
8022

B. Commercial Fishing Licence - \$15.00

The Fish and Game Code of the State of California states that:

7850 "Every person who uses or operates or assists in using or operating any boat, net, trap, line, or other appliance to take fish or amphibia for profit...shall procure a commercial fishing licence."

C. Poundage Tax

In addition to the above, there is a poundage tax on all fish landed. The rate will vary depending on species. For salmon the tax is 1/2 cent per pound.

All excerpts above are from the Fish and Game Code of the State of California - 1963.

NOTES:

All plates are issued out of central agency at Terminal Island. Renewal certificates are retained on boat and there is no visible evidence on boat that boat has been renewed, but renewal form must be on boat. List is sent out each year to patrol officers for vessels that haven't renewed licence and they are checked.

O R E G O N

Administered by Oregon Game Commission

Licence fee structure changed in 1964 to following:

- A. Boat Registration - \$20.
- B. Commercial Fishing Licence - \$15.
(Additional \$5.00 licence for fishing in river by gill-net, set net or set line).
- C. Poundage Fee - 1 1/10¢ per pound for salmon, except chums.
- 4/10¢ per pound for chum salmon.

NOTES:

- Catching and selling of any kind of seine fish is illegal in Oregon.
- Licences are renewable each year.
- Plates used same size as automobile licence - aluminum.
- Space provided on end of licence for sticker to show the year. This renewal sticker will be of scotchlite that will glow in dark.
- Registration card goes with licence plate.
- Licence plates are issued in two central locations only - in Portland and Astoria.
- Catch tickets not required for each delivery, but companies complete form which lists ten fishermen and catch for each delivery.

W A S H I N G T O N

Administered by the Washington Department of Fisheries

- A. Commercial fishing licence delivery permit for each vessel is known as "State of Washington Licence and Registration Number" - \$10.00

Fisheries Code states:

- 75,28, - At the time of issuance of such licences and delivery permit 100 the director shall furnish each applicant with certificate of registration and two licence plates with the registration number stamped thereon.

- B. Each owner of a commercial fishing boat shall obtain a commercial fish licence for each type of gear employed in taking of fish or shellfish.

Schedule of Fees:

	<u>Resident</u>	<u>Non-Resident</u>
Troll Licence	\$ 17.50	\$ 35.00
Gillnet Licence	25.00	50.00
Drag Seine Licence	25.00	50.00
Purse Seine Licence	85.00	170.00
Otter Trawl Licence	47.50	95.00
Reef Net Licence	32.50	65.00

- C. Catch Fees - Code provides that catch fee shall be paid by every person taking food fish or shellfish equal to two per cent of the primary market value of all fresh and frozen chinook and silver salmon so taken and one per cent of the market value of other species. Catch fees to be deducted by original receivers of the fish.

NOTE:

Application for each type of gear used for salmon must be made by February 1st and must show boat operator on application and licence. It is not possible to obtain a salmon licence to fish within the three mile limit of Washington after February 1st, but operator on a duly licenced boat can be changed after that date by payment of an additional \$10.00 fee. Boats can also be transferred from one owner to another, but transfer has to be recorded and additional fee paid.

A L A S K A

Administered by Alaska Department of Fisheries

- A. Vessel Licence - (\$10.00 Resident - \$30.00 Non-Resident)
16.05.490.

The Code states that:

1. As a condition to the delivery or landing of fish or engaging in commercial fishing in the State, a licence is required for a commercial vessel including a vessel used in charter services for recreational taking of fish or shellfish.
2. The vessel licence may be transferred to another person only if sickness, injury, death, unavailability or other incapacitation of the licensee prevents or may prevent the vessel from being used for commercial fishing or charter purposes.
3. Section 16.05-520 - (a) The vessel licence includes a permanent number plate. The number plate shall be accompanied by a tab affixed to it designating the year to be fished. It shall be securely fastened on the port side of the vessel.
4. Section 16.05-690 - Each buyer of fish shall keep a record of each purchase showing the name or number of his vessel from which the catch involved is taken, the date of landing, vessel licence number, pounds purchased of each species, and where possible the statistical area in which the fish was taken and other information the Department requires. Each person charged with keeping records must report them to the Department in accordance with rules and regulations promulgated by it.

- B. Commercial Fishing Licence - 16.05-480

The Code states that:

A person engaged in commercial fishing shall obtain a commercial fishing licence. The fee for the licence is \$10.00 for residents and \$15.00 for non-residents.

- C. An Individual Gear Licence is also required by each person operating or assisting in the operation of each type of fishery.

Gear Licence Fees Are:

	<u>Resident</u>	<u>Non-Resident</u>
Troll	\$15.00	\$45.00
Gillnet	\$10. for first 100 fathoms \$5. for each additional 100 fathoms	\$30.00 for first 100 fathoms \$15. for each additional 50 fathoms
Seine	\$40. for first 100 fathoms \$10. each additional 50 fathoms	\$120. for first 100 fathoms \$30. each additional 50 fathoms
Trawl	\$50.00	\$150.00

NOTES:

"All salmon fishing nets, and vessels to be used to take salmon with such nets shall be properly licenced, and registered not later than April 15 of the year of operation for the registration area selected, except..." (one special northern area where date is June 1).

"Registered nets and vessels shall be used to take salmon only in the one area for which they are registered."

"Late registration or transfer of registered nets or vessels to another registration area may be permitted by the Commissioner only in the case of serious injury, sickness or death, or loss of vessel by sinking, destruction or extensive mechanical breakdown."

JUNE 24, 1965

SUMMARY OF COMMERCIAL FISHING VESSEL AND PERSONAL LICENCES AND RELATED FEES
CHARGED BY PACIFIC COAST STATES

	<u>CALIFORNIA</u>	<u>OREGON</u>	<u>WASHINGTON</u>	<u>ALASKA</u>
Commercial Fishing Vessel Licence	\$ 10.00	\$ 20.00	\$ 10.00	\$ 15.00
Personal Commercial Fishing Licence	\$ 15.00	\$ 15.00	\$ 10.00	\$ 10.00
		River Fishing - Additional Licence - \$5.		
Gear Licence	Nil	Nil (Changed in 1964)	Troll - \$17.50 Gillnet - \$25.00 Purse Seine - \$85.00 Otter Trawl - \$47.50	Troll - \$15.00 Gillnet - \$10.00 100 Fathoms Purse Seine - \$40.00 100 Fathoms Otter Trawl - \$50.00
Landing Tax or Fee	Salmon - 1/2¢ per pound Others - 1/20¢ per pound	Chum Salmon - 2/5¢ lb. Other " - 1 1/10¢ per pound Other Fish - 1/20¢ to 4/5¢ per pound	2% of primary market value for chinook and silver. 1% other species. Oyster and clam farms exempt.	No landing or privilege tax
<u>COMMENTS</u>		No Seining Allowed	Licences for salmon within 3 miles required by Feb. 1st. Amendment to change to April 1st	Salmon net licences for specific areas must be applied for by April 15th

APPENDIX IX

A DETAILED PLAN FOR LICENCING VESSELS FOR
SALMON FISHING IN WATERS OF
BRITISH COLUMBIA

Blake A. Campbell,
Chief, Economics Branch,
Department of Fisheries.

December, 1967

Introduction

During the course of the past 15 years many different plans for licence control in the salmon fishery have been evolved. No plan for control is going to meet with overall endorsement by all segments of the industry. Probably no plan for control acceptable to government is going to meet with complete approval from any segment of the industry. Despite this, most segments of the industry have asked the government for a plan that will "save it from itself".

Several basic principles have been agreed upon as far as control of salmon licences is concerned.

- (1) Any control should be on the fishing vessel and not on the individual.
- (2) Some form of moratorium or restriction on new entries is necessary.
- (3) The government should recover some "rent" costs from the salmon fishery to compensate in a measure for the conservation, protection, research and development costs provided by government.
- (4) Protection must be given to the Indian fishermen who are dependent on the resource and have no other source of income.

Other control principles have been enunciated by various segments of the industry but for the present these have not been considered. The latest suggestion put forth by the Fisheries Association that buyers' licences be limited would not be acceptable because it could lead to monopoly control by companies.

In evolving a master plan for properly utilizing the resource, I take the view that the tidal sport fish licencing should be considered

as an integral part of such a plan.

The proposal to implement a tidal sport fish boat licence in 1969 therefore makes it most timely that an overall control plan be decided upon prior to May 31, 1968.

The reasons for setting this deadline will become obvious as this proposal is outlined.

Proposal Summarized

Basically, I would propose three types of salmon licences.

- (1) Sport Fishing - use of sport gear only
- (2) Semi-Commercial - based on size of vessel and restricted to certain specific areas - exempted from licence control.
- (3) All Other Commercial Licences - subject to licence control measures. Method of limiting would be to charge differential annual salmon licence fees in three separate categories:
 - (A) Salmon licence fees of present owners would be increased somewhat and would be based on size of boat.
 - (B) Salmon licence fees would be higher if a vessel were purchased by another owner.
 - (C) Substantially higher annual salmon licence fees would be paid by owners of new vessels entering the salmon fishery.

If the basic principle of the plan is accepted, then it would be possible to consider details and I have outlined in this proposal refinements that could be considered but all are not fundamental to the success of the basic plan suggested here.

The plan should be announced immediately after the close of salmon registration on May 31, 1968, and ownership of the vessels licenced for salmon would be established as of that date. The licencing procedure would have to change to make it necessary for the Department to be advised of transfer of ownership of fishing vessels.

Enforcement

It is recognized that there will be administrative problems on enforcement, but no plan which controls licences will be without such problems. A licencing section would have to be set up with adequate staff to regulate and enforce.

Implementation of Plan

While the broad concepts of the plan have been set out, it is necessary to outline in some detail how such a plan could become operative.

(1) Sport Fish Licence

All boats engaged in sport fishing would be required to have a boat licence (this would be in addition to a personal licence for persons other than boat owners).

There should be a differential between resident and non-resident boat licences.

There should be a higher licence fee for rental, charter or guide vessels.

A detailed plan for implementing sport fish licencing is being developed.

It is suggested that sport fishermen be restricted to the use of sports gear and be allowed to dispose of their fish in any way they wish. Limit restrictions for particular areas and particular species might be changed from those at present and anyone exceeding limit would be liable for licence suspension.

Eliminate, Sell And Barter Regulation

In suggesting that tidal sport fishermen be able to dispose of fish in any way he wishes is merely recognizing the fact that presently a high percentage of sport fishermen actually "barter" salmon for cash or favours of one kind or another and the number of cases where action has been taken by Departmental officers is almost non-existent.

If a fisherman pays a licence fee and fishes with sport gear and adheres to the limit, I suggest he should be entitled to dispose of his catch in any way he wishes.

This suggestion is not fundamental to the program but would, in my opinion, make for realistic tidal sport fish regulations.

(2) Semi-Commercial Licence

This group would be exempted from licence control because of the size of boats involved and the small degree to which they influence total returns from salmon.

In 1964, the 1,706 vessels 27' or less in length reported production valued at \$1,049,000 or just over two percent of total landed value of all fish.

The salmon licence fee for this group would be higher than the salmon sport fish licence but not as high as a commercial licence.

- Optional Type of Licence

Consideration might be given to allowing a vessel owner to decide whether he wanted to take out this type of a licence or a commercial fishing licence.

- Area Restriction

Vessels in this group would be restricted to certain areas such as the Gulf of Georgia and other areas where they would not interfere with commercial fishing operations.

- Maximum Catch

Consideration could be given to allowing this group a maximum catch and if this was exceeded they would be required to pay the commercial licence the following year and be subject to licence fees and other control restrictions governing commercial boats.

(3) Commercial Salmon Vessels

All vessels 28' and over would be required to take out commercial salmon licences.

There would be three categories of annual salmon licence fees:

Category A - For vessels owned by fishermen or companies licenced to fish for salmon as of May 31, 1968.

Category B - For vessels licenced for salmon fishing as of May 31, 1968, but sold after that date to another fisherman.

Category C - For vessels not registered for salmon on May 31, 1968.

- Fee Based on Size

To be an effective control the salmon licence fees should be based on size of fishing vessel on a graduated basis.

- Fee Based on Type of Equipment

A further refinement would call for a higher fee if the vessels were equipped to carry out more than one type of salmon fishing. This would have to be declared prior to May 31, 1968.

Indian Fishermen

The question of salmon licence fees for Indian fishing vessels could be resolved in one of several different ways.

- (1) All boats owned by Indians would pay minimum commercial salmon licence fees regardless of whether vessels were purchased after May 31, 1968, or were newly built.

Indians would be required to have a statement from the Indian Affairs Branch certifying as to their Indian status.

- (2) Boats owned by Indians would be subject to same fees and regulations as other boats and the Department of Indian Affairs and Northern Development be requested to pay the appropriate salmon licence fees for Indian boats to the Department of Fisheries. This could be done on the basis of a book transfer and would allow the Department of Fisheries to show a much better balance between costs of operation and "rent" recovered.

Under either alternative there would be no need to restrict the sale of Indian vessels to other than Indian fishermen because if a new owner, who was not an Indian, purchased the vessel he would be required to pay higher annual licence fees.

The second alternative would probably tie in more closely with the new plan of the Department of Indian Affairs to upgrade the Indian fleet.

Company Owned Boats

Under present arrangements, vessels under Agreement for Sale by companies to individual fishermen are licenced in the name of the person purchasing the vessel. If the company repossessed the vessel and sold it

to another fisherman the higher annual licence fee (Category B) would apply.

Companies presently owning boats for rental purposes would pay on the basis of lowest category of fees for these boats. Any new boats purchased or acquired for rental purposes would be charged fees at the Category B or C rate.

Boats Lost or Destroyed

A fisherman whose vessel was sunk or burned who wanted to continue to fish would be required to make application to a Special Review Committee. This Committee would determine the annual fee such a fisherman would be required to pay.

If the fisherman were to purchase another boat of the same size and similar power, he could be allowed to pay the same annual licence that he paid on the boat that was destroyed.

If he were to purchase or build a bigger boat he might be required to pay on the basis of Category B or even Category C.

Licences Not Used

Each year vessels licenced for salmon and not engaging in commercial operations would be eliminated from the Category A list and at the time of renewal would revert to the Category B list. If there were instances of illness or other circumstances of the owner resulting in a vessel not being fished for salmon in a particular year, it would be possible for the Committee to review and establish a lower category of fee payment.

Boats Rebuilt And Re-Engined

Boats that were extensively rebuilt or re-engined would be regarded as special cases for establishing licence fees. For this reason it will be necessary at the time of the registration each year to obtain a detailed report of the size of the fishing vessel and the type and amount of power.

The annual fee for such vessels could be established by the Special Review Committee and could be determined prior to the rebuilding if the fishermen so requested.

Basis of Licence Fees

The salmon licence fees that might be established under this plan are outlined in Table 1.

TABLE 1 - SUGGESTED ANNUAL LICENCE FEES FOR VESSELS FISHING FOR SALMON IN TIDAL WATERS OF BRITISH COLUMBIA - EFFECTIVE 1969 -

<u>Sport Fish Licence</u>	- Residence	- \$ 3.00 (combined personal licence for owner)
	- Non-Residence	- \$ 5.00 " " "
<u>Semi-Commercial</u>	- Vessel Registration	\$10.00
27' & Under	- Salmon Licence	- \$10.00

(Personal fishing licence would still be required)

<u>Commercial</u>	- Vessel Registration	\$10.00
<u>Category A</u>	- (Vessel licenced for salmon on May 31, 1968, and present ownership of vessel the same.)	

	<u>One Type of Salmon Gear</u>	<u>Two or More Types of Salmon Gear</u>
	\$	\$
Under 40'	25.00	40.00
40' - 49'	50.00	75.00
50' - 59'	100.00	150.00
60' & More	200.00	300.00

Category B - (Vessel licenced for salmon on May 31, 1968, but ownership changed after that date)

Under 40'	50.00	80.00
40' - 49'	100.00	150.00
50' - 59'	200.00	300.00
60' & More	400.00	600.00

Category C - (New vessels or other vessels not licenced for salmon on May 31, 1968)

Under 40'	200.00	300.00
40' - 49'	400.00	600.00
50' - 59'	800.00	1,200.00
60' & More	1,000.00	1,500.00

An estimate of the revenue from these fees is shown in Table II.

TABLE II - ESTIMATE OF REVENUE TO BE RECEIVED FROM LICENCING
IN BRITISH COLUMBIA IN 1969

I	Sport fish licences (includes personal licence fees)			\$233,000
II	Semi-Commercial (Basis of 1,500 boats)			30,000
				<u>\$263,000</u>
III	Commercial Vessels (fee shown includes vessel licence and salmon licence)			
		<u>No.</u>	<u>Fee-\$</u>	<u>\$</u>
<u>Category A</u> - Ownership not changed				
	Under 40' - One type of gear	3,000 x	35.....	\$105,000
	Under 40' - Two types of gear	1,000 x	50.....	50,000
	40' - 49' - One type of gear	700 x	60.....	42,000
	- Two types of gear	300 x	85.....	26,500
	50' - 59' - One type of gear	150 x	110.....	16,500
	- Two types of gear	25 x	160.....	4,000
	60' & More One type of gear	40 x	120.....	8,400
	- Two types of gear	20 x	310.....	6,300
	TOTAL VESSELS.....	6,235		\$258,700..... 258,700
<u>Category B</u> - Ownership changed				
	Under 40' - One type of gear	400 x	60.....	\$ 24,000
	- Two types of gear	200 x	90.....	18,000
	40' - 49' - One type of gear	200 x	110.....	22,000
	- Two types of gear	50 x	160.....	8,000
	50' - 59' - One type of gear	40 x	210.....	8,400
	- Two types of gear	20 x	310.....	6,200
	60' & More One type of gear	10 x	410.....	4,100
	- Two types of gear	5 x	610.....	3,050
	TOTAL VESSELS.....	825		\$ 93,750..... 93,750
<u>Category C</u> - The number of new vessels in the first two or three years of the plan would probably be curtailed and an estimate of 50 new vessels at average annual fees of \$300 would probably be an outside figure.....				
				\$ 15,000..... 15,000
	Fishing vessel registration not salmon	300 x	10.....	3,000..... 3,000
	Personal licence fees for commercial fishing	10,000 x	5.....	50,000..... 50,000
	Total Fees Commercial Salmon.....			<u>\$420,450</u>
	TOTAL ALL TYPES OF FISHING.....			<u>\$683,450</u>

This basis of fees would provide approximately \$500,000 more than is being received at the present time.

The cost of administrating the licencing plan, including sport fish licencing, may be placed at \$100,000.

The remaining \$400,000 could perhaps be earmarked indirectly for development work in connection with salmon resource and for purchasing vessels of fishermen who wished to retire their boats and could find no buyer because of the Department's licencing system. This could be on the basis of an upset price based on a percentage of appraised value.

In years after 1969 the amount of revenue from licences should remain about the same or even increase, but the number of vessels engaged in salmon should decline fairly rapidly as vessels are sold and annual licence fees for such vessels change to a higher category.

Special Review Committee

In a plan of this type there will always be exceptions to any rules that can be laid down and for this reason a special Review Committee should be set up to review any fee which might be appealed. For ease of administration such a committee should be a Departmental committee, although it might have advisory members representing the industry that could be called upon to obtain backgrounds in individual cases. A number of Indian Affairs Branch could also be named as an advisory member on such a committee.

The committee would have to set up guide lines and operating procedures which would become the basis for discussions.

Appeals

Provision should be made for an appeal to the Minister of Fisheries by any fisherman who feels that the committee has not given due consideration to his request for a change in licence fee category. However, the grounds for appeal would have to be laid out so that every fisherman, not successful in his representation to the Special Review Committee, would not automatically appeal to the Minister.

Future Developments

This plan, after being implemented for two or three years, could be assessed and the fee structure could be adjusted, if necessary. It might be possible after new boats have paid the higher fees for five years to allow them to revert from Category C to Category B, but the plan is flexible enough to allow such modification if desired.

General Comments

This plan would provide for a gradual attrition of the fishing fleet. Under this proposal new vessels will only be built if they are efficient enough to pay the Government a "rent" in the form of higher annual licence fees. Twenty years from now most vessels would be paying higher fees.

The present fisherman is not penalized except through somewhat higher licence fees that he should be able to recover by higher production due to the cut back on new boats.

The boat yards and suppliers will be against such a change but if any steps are to be taken in controlling entry, the number of new boats must be reduced.

In the past two years between 300 - 400 new boats have been built. If the owners of these new boats had to pay the higher fees, this number would have been sharply reduced with less effort on salmon and more production for the present fleet.

This plan would also restrict boats that go out of the fishery for any reason for a year or more from coming back into the fishery during years of good runs, except under penalty of higher licences. This in itself could result in a sharp decline in the number of boats in particular years.

The proposal that boats have to report commercial returns from salmon each year in order to be continued on the lowest fee category list will also result in fewer boats fishing.

One problem which would have to be watched closely is that associated with fishermen selling fish under the licence number of another vessel. To guard against such practices, provision in the regulation should provide for immediate cancellation of a salmon licence, non-issuance the next year if licence cannot be cancelled, should a fisherman be found guilty of such an offence.

I have deliberately omitted any mention of improved standards in vessels because this plan could be implemented with or without such standards being applied.

It should be noted that Prof. Sinclair's proposals for entry control included both fishermen and fishing vessels. Prior to his investigation being undertaken, attention had been directed particularly to the need for reducing the labour force in the salmon fishery--no doubt because of the obvious effect of excess manpower on individual earnings--and, following the release of his report, this point of view tended to be reiterated to the exclusion of a more general approach to the problem. 5/

Official statistics of the B. C. Fisheries, at first glance, may lend some support to a manpower restriction policy as against restriction of fleet size. The number of fishermen licenced annually averaged 12,500 during the first decade of the period, 1947-56, and 15,500 during the second. Variation from year to year is considerable, however, as much as 15 - 20 percent from the mean, and toward the end of the period the annual total appeared to be declining. In any event, the number of men that actually engage in fishing is always substantially less than the total number licenced: 11,000 as compared with 15,000 at present, according to estimate. Moreover, apart from turnover, the number of men engaged in salmon fishing is strictly determined by the number of "positions" in the salmon-fishing fleets. This is estimated to be about 9,500 at the present time (allowing for the increase in numbers of fishing craft in the salmon fishery between 1966 and 1967).

Apart from year-to-year variation (reflecting the sequence of successful and unsuccessful seasons by a one-year lag), the size of the combined salmon-fishing fleets in terms of vessel numbers seems to have been more or less constant over the 1947-66 period. The investment in these fleets (including gear), on the other hand, has increased without interruption from an estimated \$18.6 million to \$69.6 million, i.e., by approximately 275 percent or, in constant dollars 6/, by 135 percent. The last-mentioned statistic, as a measure of the increase in fishing capacity or "fishing power", is the significant one. It contrasts with an increase in value of output (salmon landings), also in constant dollars, of only 95 percent.

5/ For example, the United Fishermen and Allied Workers' Union, which along with the Fishermen's Cooperative Association, submitted the fullest commentary on Prof. Sinclair's report, put forward a counter proposal that (with due provision for flexibility and other safeguards) would restrict entry to fishermen who could establish dependence (based on income derived) on the salmon fishery.

6/ Using as a deflator the General Wholesale Price Index.

The rate of expansion was somewhat more rapid during the first half of the period under review, when (in current dollars) investment was doubled, than in the second when it was increased by 75 percent. That the rate has slowed down is confirmed by the fact that, while it averaged almost 15 percent per year for the period as a whole, it was little more than half that between 1964 and 1966 and during the past year it seems to have been about five percent--half of which, incidentally, represented new construction. ^{7/} It is probably that, to a large extent, this recent deceleration has resulted from the action taken (through registration of commercial fishing craft and a higher schedule of licence fees) to discourage the entry of certain groups in the salmon fishery.

It should be clear from the preceding discussion that "overcrowding" in the B. C. salmon fishery is essentially a function of the growth of capital investment in the enterprises engaged therein, and that this represents mainly an increase in potential fishing capability. The potential is not realized because it is far in excess of the catch that, consistent with proper resource-management practice, can be obtained from the salmon stocks. The expansion in fish-catching potential, therefore, results in excessive harvesting costs for the crop that is obtained. Annual production costs in the primary sector of the salmon fishery, estimated at a total of about \$40.0 million in 1966, are distributed roughly as follows:

	<u>%</u>
Interest on investment	10
Depreciation of assets	20
Wages ("opportunity" cost of labour)	45
Running expenses (cash outlays)	<u>25</u>
	100

The proportion of total costs attributable directly to the employment of capital in the fishery is thus in the order of 30 percent--as compared with something like 15 percent at the beginning of the 1947-66 period. As indicated earlier, intensified capitalization in the salmon-fishing fleets has not led to a reduction in manpower and consequently labour costs remain high. Both resources, to the extent that they are employed in redundant quantities, are in a sense being wasted. There is evidence to suggest that at least half of the number of vessels (with their crew complement) in the existing salmon-fishing fleets are in fact redundant. ^{8/} It

^{7/} See the Appendix to this paper.

^{8/} Cf. Millerd, F., Potential Net Economic Value of the British Columbia Commercial Salmon Fishery, Dept. of Fisheries, Vancouver, 1966 (restricted).

does not follow, of course, that a reduction in vessel numbers on this scale would involve an equal reduction in investment--in a process of fleet-reduction one would expect the less efficient units gradually to be eliminated. Labour-force requirements, on the other hand, probably could be reduced in direct proportion to fleet size.

This survey of the "facts" of the situation in the salmon fishery points toward the fishing enterprise, the employer of capital and labour, as being the focus of entry-control regulation. Since the one-man enterprise predominates in this fishery, it is conceivable that control could be based on restriction of licencing of individual fishermen--or, at least, of individual fishing skippers. The considerations that weigh against such an approach relate to policy and administrative feasibility.

The objective of rational resource management is efficient use of resources, including society's resources of capital and labour as well as natural resources. In the case of mature fisheries, like the salmon fishery, capital and labour resources tend to be wasted. This could be prevented by imposing a charge for access to the natural resource that would induce the users (the primary sector of the fishery) to economize in the employment of capital and labour ^{9/}. An analysis ^{10/} of conditions prevailing in the salmon fishery, however, suggests that, to be effective, such a charge, e.g., an annual entrance fee or a levy on landings, would have to be very high. Since net returns in the fishery are quite low, on the average, this method of restricting the input of scarce resources (of capital and labour) would seem to be impractical in the initial stages of an entry-control program.

Alternative procedures, e.g., the imposition of quantitative restriction directly on inputs to the fishery, present difficulties and complexities too. These stem from the fact that the rationing of a resource tends to lead to more intensive use of substitutable resources. Restriction of manpower, for example, would be an inducement to spread this resource more thinly: vessels would increase in size and power and, to the extent that crewing requirements permitted, in number. A restriction on fleet size (number or tonnage of fishing craft) would have similar consequences: an increase in the sophistication of equipment and in the size of crews, i.e., the use of multiple shifts and the like.

From an economic viewpoint the disadvantage of these methods of entry control lies in the implication that, other things being unchanged, the potential yield of the fishery would continue to be dissipated in rising

^{9/}

In terms of static theory the charge should be sufficient to equalize the marginal private and social costs of fish production.

^{10/}

Cf. "An Investigation of Some Costs in the Primary Sector of the Salmon Fishery of British Columbia", a companion to the present paper, prepared for limited circulation by the Department of Fisheries, 1967.

production costs. From the viewpoint of resource-management administration, however, it is probable that a threat of an increase in vessel numbers would outweigh other considerations. The effectiveness, economically, of either method would be improved if entry control were to involve a progressive reduction in the size of the fleets and/or the labour force.

A reduction in numbers of fishing craft undoubtedly would be more feasible administratively and "policy-wise", than a reduction imposed directly on numbers of fishermen. The latter procedure is objectionable on socio-economic grounds as well as from the standpoint of civil rights. It would cause a decline in the market for fishing craft, for example, and thus impose a capital loss on vessel owners ^{11/}. It also would have the effect of reserving access to a resource, maintained at the expense of the general public, for a privileged group. Moreover, the administration of an entry-control program on this basis would be subject to intractable problems associated with proof of fishermen's income status and/or other criteria of eligibility.

For these reasons, in the application of a program of entry control in the salmon fishery, the Department of Fisheries decided that restriction should be placed, in the first instance, on the number of vessels permitted to enter the fishery. The fishing craft rather than the owner/operator, would be selected as the focus of control--as surrogate for the fishing enterprise, in which a vessel is the major unit of investment. The means by which this might be accomplished, and by which the objectives of "rationalization" in the salmon fishery might be achieved, are discussed in separate memoranda.

^{11/}

The effect of a phased reduction in vessel numbers could be similar for those excluded from the fishery but might more easily be avoided by suitable administrative arrangements (provision for the purchase and retirement of outmoded craft and the like). For the restricted fleets, on the other hand, the effect would be to enhance asset values.

APPENDIX

B. C. Salmon Fishery: Changes in Salmon-Fishing Fleets - 1966-1967 ^{1/}

	<u>Fleets</u>		<u>Withdrawals</u>		<u>Entrants</u> ^{2/}		<u>Net Change</u>	
	<u>1966</u>		<u>1967</u>		<u>1967</u>			
	No.	\$000	No.	\$000	No.	\$000	No.	\$000
<u>Purse-seiners</u>								
Seining Only	248	7,802.0	5	550.0	6	233.6	+ 1	- 316.4
Combination	155	8,721.0	17	1,790.4	8	305.6	- 9	-1,484.8
Sub-Total	403	16,523.0	22	2,340.4	14	539.2	- 8	-1,801.2
<u>Gillnetters</u>								
Gilnetting Only	2,515	12,869.0	166	378.9	161	746.0	- 5	+ 367.1
Combination	1,176	9,291.0	94	345.2	196	1,966.6	+102	+1,621.4
Sub-Total	3,691	22,160.0	260	724.1	357	2,712.6	+ 97	+1,988.5
<u>Trollers</u>								
Trolling Only	2,375	20,654.0	358	677.0	544	2,850.2	+186	+2,173.2
Combination	106	1,306.0	48	268.3	49	481.4	+ 1	+ 213.1
Sub-Total	2,481	21,960.0	406	945.3	593	3,331.6	+187	+2,386.3
TOTAL	6,575	60,643.0	688	4,009.8	964	6,583.4	+276	+2,573.6

^{1/} As of July 16, 1967

^{2/} Including newly-constructed craft, as follows:

	<u>Purse-Seiners</u>		<u>Gillnetters</u>		<u>Trollers</u>		<u>Total</u>	
	No.	\$000	No.	\$000	No.	\$000	No.	\$000
One Operation	1	55.0	65	442.0	97	1,407.0	163	1,904.0
Combination	4	128.0	106	1,576.0	9	140.0	119	1,844.4
TOTAL	5	193.0	171	2,018.0	106	1,547.4	282	3,748.4