

## 5) Licensing: Entry And Exit Plans

### Discussion questions:

- *What would a licensing policy look like that protects active fishermen, enables retirement for those that don't want to fish anymore, and encourages new entrants?*
- *How do we allow fishermen that want out to transition into a comfortable and secure retirement?*

### **Interesting facts:**

All fishermen require a licence to legally catch and sell fish in Canada. Licences are issued by the federal government (DFO). In the Pacific, we have limited entry to try to ensure that all harvesters attain at least a moderate livelihood (Davis Plan). Unlike Atlantic Canada's inshore fishery, licences in the Pacific can be owned and controlled by processors, investors and other non-fishermen.

#### **Number of licences vs number of licences that fished:**

|    | SALMON LICENSES |     | ACTIVE LICENSES |          |      |
|----|-----------------|-----|-----------------|----------|------|
|    | TOTAL           |     | 2019            |          | 2020 |
|    |                 | DFO |                 | Estimate |      |
| GN | 1387            | 56% | 776             | 22%      | 300  |
| TR | 376             | 63% | 236             | 40%      | 150  |
| SN | 276             | 36% | 99              | 12%      | 34   |

Norway and other Scandinavian countries have pension plans for fishermen so they have a guaranteed pension upon retiring.

<https://translate.google.com/translate?hl=en&sl=no&u=https://www.garantikassen.no/samordning/category913.html&prev=search>

Fishermen think that if their recommendations are followed and further developed in fishermen's meetings, that there will be a commercial salmon fishery in the future that people will want to be a part of and choose as one of a basket of fisheries. Many fishermen talked about the superiority of the pre-1990 licensing system where fishermen paid for one licence, the A licence, which held a vast array of fishery privileges on a coast-wide basis.

Fishermen agreed, if done properly, that retiring fishermen and new entrants were complimentary — like two sides of the same coin. If you support young people to get in, you are also supporting people retiring.

Across the breakout groups, there was agreement on the general ideas but more time and discussion was needed to fill in the details. Fishermen supported the following plan:

i. **Made in B.C. owner-operator and fleet separation policies**

ii. **Exit Plans**

Buy Back

Concurrent Initiatives – Estate Planning

Concurrent Initiatives - Community-Fishermen licence Bank

Concurrent initiatives - Severance

Concurrent initiatives – Pension

Buyback Funding - Licences

Buyback Funding - Vessels

iii. **licence Bank**

iv. **Entry Plans New Entrants-Young Fishermen**

v. **Licence issues: Married, stacked and length restrictions**

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- i. **Made in B.C. owner-operator and fleet separation practices:** Fishermen were adamant that investment corporations, processors, or fish buyers should not own licences and that fishermen should own and operate their own licences. Fishermen agreed the value of fishery needs to remain in the hands of active fishermen and that licencing is the right or privilege to participate in the fishery. No corporations should be able to buy licences/quota in B.C. Without fleet separation and owner-operator, fishermen risk having their licences owned offshore.

A made-in-B.C. owner-operator set of regulations that reflected the needs of B.C. fishermen was advocated. Fishermen wanted to look at other areas with owner-operator systems and examine in a public way, engaged with all user groups, how to build a B.C. owner-operator fleet.

There was little to no support for switching to transferable quotas — not for individuals or as gear groups. It has been pointed out, subsequently, that some fisheries are being driven into ITQ fisheries in order to be able to lease their uncaught allocation to another gear type or First Nation who is allowed by DFO to have a fishery.

In order to implement an owner-operator system in the salmon fleet, companies who owned boats and licences would have to sell them to the buy-back or to individual fishermen over a set time period. A number of ways were suggested:

- Move to owner-operator, using the 5-5-5 rule (like the dairy quota). If you're out of the industry for five years, you must get rid of the licence. If it's quota, then it's 1/5 for every year. We want to drive the licences into the hands of those that are fishing. We need to get processors out of ownership of access (fleet separation).
- Move to owner-operator, and make it affordable for new entrants by giving the new entrant the incentive of being able to write down the cost of the licence in their taxes until they exhaust it. After all the write-downs against the original cost, it will make it affordable to a new owner-operator. Has to be sold as an Owner Operator Licence going forward.

- Transition to owner-operator will be a long-term process and not something that will or should happen overnight. There needs to be measures and supports for young people to get into the industry; something along the lines of support provided to the Agriculture industry.
- **Owner-operator (OO) licence category:** As a start towards owner operator, the Union is proposing the idea of an Owner-Operator license category where an owner of an A licence could designate the licence as an AO-O which would permanently make that licence an owner-operated license. Proposed would be marriage and license length changes and tax incentives that would make it desirable for fishermen to change to the Owner Operator designation.

## ii. **Exit Plans**

**Fishermen warned:** The idea propagated is that less effort will add to the financial viability of those who remain. It sounds right but it has not worked that way. In reality, it makes fishermen less politically influential because there are fewer people in the industry to fight for commercial fishermen. We need to keep that in mind when making Exit Plans.

**Buyback:** Fishermen strongly felt that a buyback was necessary for the dual purposes of allowing those who want to retire from the salmon fishery to sell out and to ensure that there are licences that new entrants — those who want, or will want in the future— to buy-in. There is a need to compensate fishermen at fair and reasonable prices structured to benefit the people who are giving the licences up.

At the end of any buy-back, the allocation must remain with the fleet. A retirement buyback cannot be used for salmon reallocation purposes. A buyback needs to take into consideration gear, area and community to ensure that ocean-based communities have ocean-based industry.

**Concurrent initiatives/Estate planning:** However, although a buyback was supported, fishermen are also concerned that as licences are destroyed the incentive to improve the fishery and support future fishermen and communities is also destroyed. It is important to fishermen that retired licences stay in the community and/or family and transition to owner-operator. If licences stay there the jobs stay there.

A recommendation is that in conjunction with the buyback, the federal and provincial governments create innovative ways for succession and estate planning, keeping the licence/vessel in the community or family and providing an opportunity for the younger generation.

**Concurrent initiatives/Community-fishermen licence bank:** There was very strong support for community-fishermen licence banks. An example of a similar licence bank is the Northern Native Fishing Corporation. The details of a licence bank are in the section below.

A recommendation is that in conjunction with the buyback and licence retirement, a good proportion of the licences that are bought out are placed in a community-fishermen-controlled licence bank where they can be parked until the salmon stocks increase. This way, all coastal communities can receive employment benefits from increased salmon numbers.

**Concurrent initiatives/Severance:** A severance package was recommended for non-licence holders leaving the industry — so many thousands of dollars per year of service. Skippers and deckhands should not be left on shore without a job, especially if the licence is sold in a buyback. They should have part of this severance paid for by the company who they delivered to and part from the government.

**Concurrent initiatives/Pension:** It was recommended that the government investigate what a special fishermen’s pension plan would cost to be developed for future fishermen (in addition to CPP). Fishermen would contribute and the fish buyers would contribute, contribution rates set by statute or by B.C. industry standards. This way, a future fisherman would not have to rely on his boat and licence as a future “retirement package.”

**Buyback funding/Licences:** There should be enough money to allow retirees to transition into a comfortable secure retirement. Fishermen did not come up with a way to value a licence for the buyback program except that there should not be a “reverse bid system” as has been used for PICFI licences, so that the most desperate sell out at unreasonably low prices.

**Buyback funding/Vessels:** It was also felt that there should be a boat buyback plan to help fishermen sell their vessels and regain some money for their investments and to prevent vessels from becoming derelict. One idea was that the government should not directly buy the boats — instead the fisherman vessel owner would get a monetary contribution from the government for selling their boat to incentivize sales instead of leaving the vessel rotting at the dock. This would provide a less expensive yet environmentally safe option.

Fishermen also remarked that when they sold their licences they would have to pay tax on the sale price. Fishermen may lose half of that revenue from the sale of the licence to taxes. Fishermen recommended that there should be some deferral process over a number of years so they can retire with dignity.

iii. **Licence bank:** Protects active fishermen, enables retirement and encourages new entrants.

Fishermen strongly supported the principle that exceptions can be made in a made-in-B.C. owner-operator policy to include community-fishermen licence banks.

Fishermen agree that all salmon licences that are bought up in a buyback should not be retired because, if licences are gone from the industry, then they will never be put back into play — you could lose an equity fleet and potential jobs in the future. Employment in all fisheries is already in the extreme low end of that spectrum, and with few boats and little employment, there is less and less dock space for fishermen, fewer ice facilities and less commercial infrastructure altogether.

With a community-fishermen licence bank, licences would remain in a community and supply future employment opportunities when the salmon runs are rebuilt. Fishermen envision a licence bank to be launched with government buy-back licences and start-up funding but the bank would become a self-sustaining, non-profit entity. Internal licence rules would be developed by a board elected by active salmon fishermen and communities including lease and purchase criteria for active and new entrant fishermen, so young fishermen or others can lease or purchase at a reasonable rate. It would provide a future option for retiring fishermen to sell their licence, and possibly their boat, to the bank. A licence bank operates as a market “float” — as the salmon runs increase, demand goes up and more licences are leased or sold and, if the runs decrease for a time, demand would go down and fewer licences would be leased, providing a lower fishing effort.

Fishermen see owner-operators and licence banks as complimentary.

- iv. **Entry Plans - new entrants, young fishermen:** Fishermen recommend encouraging and incentivizing new entrants with an owner-operator model. For young fishermen to be successful, low-interest loans and funding for vessel modifications are important, as are training and other support from the government.

A great example of a good program is the Young Fisherman’s Development Act in the USA which provides funding for training and small loans for young fishermen and funding for licensing.

Licence banks would provide access to low-cost leases and owner-operator provisions would ensure licences remained affordable.

- v. **Licence issues: Married, stacked and length**

**Married licences:** It was generally agreed married licences should be able to be split and sold separately.

**Salmon Area licence stacking:** Salmon licence stacking was more complex as it included whether fishermen should return to coast-wide licensing or if troll and gillnet have a north and south area like seines, or if the present areas remain as are.

Many fishermen called for a review of area licensing. Many felt that changes were needed, based on the present much reduced fleet size and reallocations to Indigenous fisheries that were not part of the Area Licensing in 1993. If licence areas were combined, the question would be how a fisherman with more than one salmon licence should be compensated for the combination of areas. One suggestion was to write down the cost of the other licences in taxes until they exhaust the cost.

**Length restriction:** It was generally agreed that licence length restrictions should be removed. However, there was a discussion on compensation for those who had invested in a second or third salmon licence and paid for increased vessel length.

***“Licences should not be a tradable commodity! The huge monetary value on licences nowadays makes it unaffordable for young people to get in. Before this whole value thing, you just needed a personal licence to get in. Take the capitalization out of this process! It’s preventing growth and the future of the fishery when young people can’t get in.”***