

Pacific Urchin Harvesters Association

Annual General Meeting

September 20, 2006

Directory for Contents of Meeting

1. Approval of last years AGM minutes.	<u>1</u>
2. Presidents Report (Mike Featherstone).	<u>1</u>
Russian Illegal, Unregulated and Unreported (IUU) fishery.	<u>1</u>
Tofino closed	<u>2</u>
Surveys are required for some areas.	<u>2</u>
Electronic Vessel monitoring.	<u>2</u>
summary statement for Mike's report.	<u>3</u>
3. Budget (Mike Featherstone).	<u>3</u>
government has bought a number of licences	<u>3</u>
budget is again very tight.	<u>3</u>
4. Election of Officers (Mike Featherstone).	<u>4</u>
5. Financial Report (Dave Van Gruen).	<u>4</u>
6. Website (www.PUHA.org) (Sasha Pavlovic).	<u>4</u>
local marketing opportunities.	<u>5</u>
7. D&D Report (Don Christian).	<u>6</u>
Quota planning session	<u>6</u>
interesting.	<u>6</u>
8. North and South Coast Reports (Mike Featherstone).	<u>7</u>
lower early season interest this year.	<u>7</u>
lack of quota last year remaining in protected areas in January onwards	<u>7</u>
transport system is more or less worked out this year.	<u>7</u>
9. Marketing and Logistics Programs (Geoff Krause).	<u>8</u>
benchmarking study last year.	<u>8</u>
assuring high quality.	<u>9</u>
Impacts on product quality in urchins.	<u>9</u>
10. Biologist Report (Dan Leus).	<u>10</u>
priority for DFO.	<u>11</u>
only one broad brush urchin biomass survey being planned for this season.	<u>11</u>
11. Ahousaht Update - (Darrel Campbell).	<u>12</u>
DFO otter counts may be overly conservative.	<u>12</u>
12. Processor Comments.	<u>12</u>
Paladin.	<u>12</u>
PUP.	<u>12</u>
Grand Hale.	<u>13</u>
Constitutional Issues.	<u>13</u>
Quorum Definition.	<u>13</u>
Vote by Proxy.	<u>14</u>
Notification of Meetings.	<u>14</u>
Create Associate Membership.	<u>14</u>
remuneration for Directors.	<u>14</u>
extra voting right for each licence.	<u>14</u>
use some of the quota from unassigned licences.	<u>14</u>

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Steveston Hotel, Richmond, BC.

Attendance

Name	Affiliation	Name	Affiliation
Dan Leus	Ass'n Biologist	Didier High	PUP
Don Christian	D&D	Cathleen High	PUP
John Parkin	fisher	Dave Van Gruen	Ass'n auditor
George Dennis	fisher	Mike Featherstone	PUHA President
Keith McMurray	fisher	Geoff Krause	PUHA consultant
Peter Codling	fisher	Ross Morris	PUHA
Louise Harker	fisher	Francis Cheung	Grand Hale
David Lansdowne	fisher	Tony Wong	Seaworld
Dave Yoshida	fisher	Darrel Campbell	Ahousaht
Bob Reinstein	fisher	Albert Wong	Paladin

Meeting called to order at 10:00 AM

1. Approval of last years AGM minutes (Mike Featherstone)

John Parkin motioned the minutes be accepted, Didier High second. All In Favour.

2. Presidents Report (Mike Featherstone)

The main part of Mikes report is included in one of the recent newsletters posted on the website so it does not make a lot of sense to go over it too much at this meeting.

One of the main subjects of discussion at the BC Seafood Alliance meetings of late has been the access and/or equivalence of regulations for commercial and First nations (commercial) fisheries.

With regard to the **Russian Illegal, Unregulated and Unreported (IUU) fishery**- the Canadian government is continuing to raise the issue with the Japanese and Russian governments. We are in ongoing communication with DFO International Affairs branch on this matter but it is hard to decipher how things are actually developing at this point. There was a Japanese crab fisherman shot and killed while being chased by the Russian Coast guard patrolling the Kurile Islands a few months ago so it may be that things are tightening up a bit.

Co-management has been a preferred Association goal for some time but progress in this regard may be in some jeopardy as a court case has closed a funding avenue whereby DFO tried to sell fishing rights to a large company to fund a co-management initiative on the East Coast.

Juanita has moved on to the geoduck fishery and we wish her all the best in her new capacity. She was very helpful and understanding as the manager for the RSU fishery and we are also hopeful that there will be some crossover between her and the new manager to ensure some continuity.

The Ahousaht got **Tofino closed** to commercial RSU harvests because of the growing abundance of sea otters in the area despite early support for continuing commercial presence as an effective means to monitor the otter population(s). DFO guns decided to close the area at the request of the band Council so they could not be blamed for the collapse of a food and ceremonial fishery. DFO is still refusing to acknowledge the economic impact of the re-establishment of the otters on commercial fishing. In this regard it is interesting to note that the value of RSU licences has apparently declined to about \$80,000 from about \$120 K last year and \$180 K in 2003-04.

Dan Leus, the PUHA Biologist, is moving back to DFO. This is expected to give DFO additional flexibility to use him on other projects. The contract will therefore change from Dan to DFO but we expect the change to be good for both parties.

With regard to the surveys, DFO is pretty much all caught up on the biomass (broad-brush) surveys and discussions are ongoing to ensure that the analysis and reports are completed and released in a more timely fashion. The system was overwhelmed for a while - too many surveys, not enough time to do anything with the data- but a new simplified reporting format is expected to cut down on the time required.

Surveys are required for some areas and the priorities change with the interval since the last one. Part of the problem is that there are now many more fishing areas than in the past . About 30 sub-areas on the North and South Coast are big producers but only two have been surveyed in the past few years and the managers are getting nervous. Even with this, sea otter surveys and the Louisa island experimental fishery survey have remained the priority for DFO. (Otters are now reported around Price Island, a former hotspot for Abalone according to commercial abalone harvesters)

DFO has also gotten quite keen all of a sudden on **Electronic Vessel monitoring**. The technology has been used for a number of years on various fisheries in the Maritimes East Coast but the first experience on the West Coast here was the pilot run by D&D last year on a vessel out of Port Hardy. D&D has prepared a report on this pilot which will soon be posted on the PUHA website.

The basic cost of installation is about \$1,000 with subsequent low maintenance costs of about \$40 per month for a basic plan which does not include any email. Monitoring costs are covered by DFO on the East Coast but the Pacific Region is still trying to evade any such responsibility here. It should still lead to some savings for the industry as its application should reduce the need for OGM coverage. The idea though is to realize some savings instead of simply establishing another revenue stream for DFO as appears to be the case with the video surveillance system being rolled out for the Black cod fishery. There will likely have to be some overlap with the OGM until Conservation and Protection (C&P) confidence levels rise.

The system under consideration is basically a tamper proof black box unit with its own auxiliary power. It logs the Lat/Long which is then passed along to an earth station (as a burst transmission?) at various programmable and/or random intervals and thence to the service provider (D&D). It can be 'pinged' at any time to get a current position. One option has the data automatically loaded up into a charting software but the trials of the past year used manual data entry so various other tests could be run on its accuracy. The company monitoring the satellite is a private company and not DFO or CCG. The system is currently being used by a growing number of trucking outfits to track their trucks.

As a **summary of Mike's report**, PUHA will continue trying to get more value into the fishery even as it is being very careful managing its depleted accounts. We have to engage our fishermen and operators in this effort and keep everybody involved and on the same page by properly addressing constitutional issues. The market is giving us some problems and we are looking at things we can do to turn things around but whatever it is we do, we have to work together on it. Last year demonstrated the folly of division and nobody in the industry wants a repeat performance.

3. Budget (Mike Featherstone)

The projected budget for the 2006-07 season was presented. 11 licences were not activated last year but we are projecting 104 active licences this year. Preliminary projections for the year support this and hopefully it won't turn out to be overly optimistic. Also last year we only got about \$ 6 K from the processors but hopefully we will do better this year.

Finances last year were very tight and we were hoping for a few breaks from DFO in light of the difficulties but there was no give on the fees, R&D expenses etc. Mike has been very candid with DFO on the financial problems we face but has not been getting a lot of sympathy. One case in point is that the **government has bought a number of licences** but has taken upwards of two years and more to allocate those rights. The problem is that the fees for these licences are not being paid by DFO with the result that PUHA is looking at a shortfall of over \$40,000 due to this single reason over the past couple of years. It is also likely that these licences are still being included in the quota calculations so the fishery is in effect being penalized for DFO allocation delays. (It may make sense to request that the quotas for the unallocated licences be temporarily assigned to PUHA so they can be fished to help fund R&D obligations, assuming of course that the demand is there to support the harvest. (George Dennis introduces something like this at the end of these minutes)

The PUHA **budget is again very tight** this year and may fall into deficit if projections for the season prove optimistic. There was a question on what Plan B is going to be if fewer than expected licences are activated this year. There is no ready answer to this but it is recognized as a definite problem and will no doubt be the subject of negotiations should that be the way things start trending. The Green Sea Urchin fishery has been hit a lot harder than the Reds by the Illegal, Unregulated and Unreported (IUU) urchin fishing Kuriles and fished less than 20% of its TAC last year. D&D is doing what it can to keep the monitoring program alive by staying

flexible and only billing pro-rata for fished product. They refunded part of the fees paid last year to the Greens Association, as opposed to the fishermen because it was difficult to verify who deserved a refund, as an additional measure to help them survive. The Association is requesting payment of Association fees from its members this year because there is no mechanism to force payment. Interestingly, DFO licensing fees (\$530.00) must be paid every year on penalty of losing the licence and being a bureaucracy, they cannot really comprehend the what economic life is like in the real world. Things are still looking pretty bleak for the GSU fishery again this year.

The same sorts of ideas have been thrashed around for the reds, including shifting to a per landing billing strategy even though this would increase unit costs. Because the RSU fishery is so much bigger everyone hopes that drastic measures can be avoided.

Louise Harker motioned that the budget be accepted. Keith McMurray seconded. All In Favour.

4. Election of Officers (Mike Featherstone)

All the officers in the Association are willing to stand in their present capacities. Keith McMurray motioned that the current executive be accepted, Dave Lansdowne 2°. All In Favour.

5. Financial Report (Dave Van Gruen)

Only 99 licences were actually activated last year, 1 less than was thought, and the Association ran a deficit of about \$40,000 as a result.

There was a refund of some of the OGM funds paid in 2004-05 as there were a couple of areas opened up that year to fishing without requiring the presence of the OGM. DFO still is not compromising with releasing the OGM for Treenob, although in practice they have in previous years.

The apparent increase in the D&D funds in 2006-07 to \$438,038 from the \$426,169 reported in the auditors report for 2005-06 is because the GST is included in the former but not the latter. The GST is fully recovered and is therefore not included in the audited accounting.

There was a motion from Dave Lansdowne to accept the auditor's report. John Parkin second. All In Favour

6. Website (www.PUHA.org) (Sasha Pavlovic)

Sasha Pavlovic provided a summary of the changes to the website over the past while. There are a number of re-design features coming.

The members only areas have been drastically cut back because there are few worries about sharing PUHA information with the wider world and because there were a number of complaints from members who had trouble getting a password. Initially the site was trying to bring in consumers so it seemed that a members only area was a good idea, but the Association does not have anything to hide so as a demonstration of its support for openness and full disclosure, all areas were opened up to general access. The website is also trying to get more links on the site as this tends to boost traffic.

The only restricted parts are related to the advertising section to allow control of the editing rights for the ads submitted to the site. Classified ads should be passed through Ross to Sasha for posting. Keeping the password protection here also restricts the posting of spam by robotic agents.

The website can be used, for example, as a forum where fishermen, licence owners and the public can trade views and opinions. This is not happening right now but this is a simple matter of switching on the capability once the interest is there. It can also be used to chart demand, price, weather, Russian IUU landings history and projections, even automatically where the information is available on the web.

The website attracts traffic from all over the world with hits from the EU, US, Japan, South America and Canada and gets about 1,200 visits per month. Many of the hits from the US are from search engines, almost all of which are located in the US, and it is difficult to drill through and get a better location of the searcher. The site had a translated section where all the content was machine translated (Google) into Japanese but this was discontinued because problems with the software gave the translated bits a very hard edge. The software is always evolving so this cost effective option may be more attractive in the not too far future.

There was some discussion of the **local marketing opportunities** in light of the low number of restaurants and distributors carrying uni. It is now possible to sell processed uni in Canada but a problem is that the amount wanted by any one outlet is generally limited to volumes which are not attractive to the processors. There are an increasing number of outlets who would likely be interested in selling Canadian sea urchin products but it seems that there are no companies currently working aggregate local orders and that local distribution is still very fragmented. This makes the product(s) more expensive, particularly if they have to be shipped via air, which of course impacts affordability and demand. Live sales may be attractive because of the flexibility it offers with regard to shelf life but again, problems with small volumes and the need for an on-site aquarium makes it all a bit marginal at this point, although there is nothing saying this cannot change. Live sales might be particularly attractive for Green Sea Urchins because of their more compact size.

There would seem to be some opportunities for sales to trendy restaurants and/or bars (uni shooters). The use of a PUHA stickers, coasters and table tent cards could also be set out as a cross-promotional initiative to start building awareness, profile and subsequently sales identifying local product. It will be slow at the start but this is hard to avoid. The website could also be used to aggregate orders and/or notify customers of upcoming special availability events

(think of the marketing success of the buzz around Copper River Salmon). There is a need for information on contacts and establishments that might be interested, for example is there a sushi restaurant association?

7. D&D Report (Don Christian)

Don Christian provided quick summary of changes brought in for this season. Last year saw over a million pounds left in the water which had cascading effects on the validation program and the associated costs and while the same may unfold this year, D&D intends to continue as per normal until events dictate otherwise. There have been no budget changes since the figures were sent to Mike. Jeremiah Rundel on the Far Reach is again this years On Grounds Monitor.

There have been some management changes made this year which largely reflect the recommendations made by PUHA at the quota planning session. All of the recommendations from the **Quota planning session** were accepted and adopted by DFO this year. There is for example, a new quota area north of Cape Lazo with an area quota of 15,000 lbs to help relieve some of the pressure from declines in other areas, including Tofino which was closed by DFO at the request of the Ahousaht council in late August. Also, each South Coast area got an extra 1,000 lbs quota as part of the compromise to reduce the hit from the loss of 250 k lbs from Tofino. Sorting the allocation out from the Tofino closure turned into a pretty significant problem. DFO first claimed that an overall North Coast reduction of about 670 k-lbs would be required to balance the licence quotas. Extra effort and compromise brought this down to about 1,200 lbs per licence. (This would work out to 132 k-lbs if all 110 licences are included in the calculations or to 126 k-lbs if the 5 unallocated licences under the control of DFO are excluded.) DFO was actually fairly accommodative on this after a couple of fairly lively conference calls and face to face meetings.

It is very **interesting** that some areas fished out to levels which render them commercially unviable have been seen bouncing back within 3 to 5 years. This cast more support to a problem with DFO's reconciliation of its estimated sustainable catch limits with the natural situation that occurs when sea otters are present. In these cases 99 % or more of the urchins are removed suggesting the 2% of biomass harvest rate is overly conservative. DFO representatives have themselves acknowledged that the current urchin abundances are anomalously high (because of the absence of otters) but have yet to acknowledge that higher harvest rates might re-direct the community towards a more natural balance. California harvest rates have been at 20 - 30% for the last 15 years and abundances have increased whenever kelp growth was not impacted by high water temperatures as long as sea otters had not moved in. It is not really an issue right now because the fishery is limited by the market, but it may be worth bringing up in discussions with DFO to set the stage for future adjustments.

DFO does not demonstrate reciprocity when it comes to dealing with catch limits. Overages are transferred to reduce the next year's TAC while underages cannot be transferred or even considered in the next years TAC calculations. One of the fishermen mentioned that the feed line does not change so the harvestable amount does not actually change when they are not

fished. This would seem to ignore the possibility of immigration from deeper, more marginal areas. Whatever the case, there was general agreement that it is much better to base decisions on what is actually seen in the field as opposed to model-derived numbers on a spreadsheet (remembering always of course that there are lies, damn lies and then statistics). The quota planning session does that to some degree. That process has some credibility with a management that is also accountable to the PSARC process.

Dan mentioned that the compromise on the numbers might have involved a partial rollover of unfished quota areas as a way to compensate for using biomass estimates with lower confidence limits (CL) (eg. upper 90 % CL as opposed to the upper 95% CL). The Department is pretty set in its ways and even shifting the boundary between the South and North Coast to move Smith Inlet into the north could cause panic in DFO because so many are still set on historical salmon boundary integrity.

8. North and South Coast Reports (Mike Featherstone)

Ken Ridgeway was not able to make the meeting so Mike will present an overview for the whole coast.

There is generally **lower early season interest this year** and there are still some South Coast licences available for lease. They are usually gone much faster. Right now there are only 4 boats fishing the South Coast for 2 companies. The most likely start for the North is for late October or early November. Calamity Bay is scheduled for October 1 as the first Northern opening although this may be rolled back to October 7. More concentrated effort is anticipated for the big November- December- January period. There were some problems last year with a **lack of quota last year remaining in protected areas in January onwards** so some extra effort will be directed to managing to save some protected areas for when they are really needed in the mid-winter this year. It is of course hard to predict how this is going to play out. There was good fishing late last year on Banks island and the QCI.

We still need some guys to sit down with Dan and DFO to point out areas where the habitat is suitable for urchins. DFO is shifting to a shoreline model from the polygon reef area model. They have laid out some areas from the fishing logs but they are not just interested in commercially interesting areas- they also want to capture information on lower density and/or less developed or poor quality populations for their biomass estimates. There were some distractions at this year's quota planning session so less information than was wanted for the shoreline model was actually rounded up and passed along.

The **transport system is more or less worked out this year**. On the North Coast, unloading is expected to start out Prince Rupert but that operation will be moving to Port Edward. Sea force will likely be taking care of most of the South Coast trucking and there are some new 80 lb totes available for use on the south coast so the product can be hand-bombed into the trucks.

There have been some delays on payments of harvest and transport (packing) invoices from one company. This is in effect an unfair subsidy when the company is allowed to continue without interruption so it does not make sense to allow it to happen. There is general agreement that using a standard 14 day pay requirement is reasonable and that missing that deadline will mean no access to the transport system for the offender. There may be a legal requirement to get a signed agreement to make sure these conditions are enforceable.

Lunch Break

9. Marketing and Logistics Programs (Geoff Krause)

Geoff Krause provided an overview of developments in and plans for the marketing and logistics programs. He provided a handout which is appended at the end of this document.

This is the third year of Canada Agri-Food International (CAFI) program matching funding support for Sea Urchins From Canada (SUFC) of about \$50 K/yr from Agriculture Canada. This has supported annual trips to Europe and Japan to meet existing and prospective customers, a revamping of the PUHA website and the development of marketing materials to support sales. Reports on all the activities and findings are available as pdf's on the PUHA website.

Three annual meetings have been held with Japanese buyers at Canada's embassy in Tokyo since 2003 where we have discussed problems and issues facing the BC fishery and the Japanese market. Another trip is being planned for this year but we are changing our focus towards working more closely with Japanese buyers on joint marketing activities.

CAFI also funded a **benchmarking study last year** which compared BC's urchin fisheries to others around the world. Canada's urchin fisheries are the fourth largest in world with about 4,400 MT and 2,200 MT from West and East coasts respectively. The market is interested only in gonads and, when prices are converted to a price per weight of gonad basis, the prices paid for BC production are mid-tier along with the US while Japan's prices are 2-3 times higher. Prices from Chile, China and Russia come in a little less than half of ours.

The major market for sea urchin products remains Japan although the US and EU market trends are at least somewhat encouraging. Japan's market has been affected by a Russian IUU (Illegal, Unregulated and Unrecorded) urchin fishery in the Kuriles that saw landings of up to 350 tons per week last year. This flooded the market and had cascading effects throughout. The market had a few bounces when the Russian shipments were curtailed but these periods were short lived, hard to predict and tough to take advantage of.

One of the things holding us back in Japan is a lack of recognition as a differentiated supplier. The CAFI program is rolling out the so-called Brand Canada Initiative to counter the lack of profile facing many products from Canada. We are planning to take part in this and are looking for photos and other materials to use on posters, pamphlets and the like. This will likely underpin our Joint Marketing proposal to the Japanese buyers.

A key part of the Brand Canada program focusses on building awareness of and confidence in the measures we employ to get the product from the grounds to the plants and onwards to Japan. This is something which we can do to directly influence the market. Our handling protocols are basically the same as those used by other suppliers but things are more complicated here because the majority of BC's product comes off the North Coast. This means it has to cover a lot more distance before it reaches a processor and that additional handling measures are required to get the results obtained more simply by other producers. Defining the most appropriate measures though remains a bit of a mystery.

Francis Cheung (Grand Hale) mentioned that the best method of **assuring high quality** is to move the product to the processor so it is processed within a day of harvest. This is undoubtedly true but that is what raises the extra measures for product off the North Coast. If a packer is held over for an extra day, the product does not even arrive at the plant until three days after it has been harvested. Whenever they hold product in a cooler they try to cool it to as close to 0° C as possible. This is a good target temperature but the issue should be examined in more detail because it may be possible to more cost effectively capture much of the benefit using a smaller investment which maintains the temperature between 5-8°C.

I have done a lot of searching into the relationship between **handling environment variables and product quality in urchins** and I think I can say with some confidence that there is not much information on this available. There seems to be a lot of confusion on all sides because, even as there is a good mix of opinion on it, there is not a lot of data to support objective standards that everyone can agree on. I have heard about product rejected at the plant that looked pretty good on the grounds, about ongoing bad colour when the reports from the grounds are saying things are normal and the colour ought to be pretty good, and that the uni is getting much harder to process and firm up properly over the past couple of years. Assuming these reports are credible, it would appear there are things happening en route that we have no data on.

So this year we have taken some steps to get a better handle on what's happening. I did some work on the temperature profiles for the product in the late spring and early fall over the past couple of years and found some unexpected temperature spikes up to about 17° C. These are large enough to be of concern so we tried circulating some temperature loggers, little devices which record the temperature every few minutes for a few months, to profile the product temperature over the year. It didn't work out and we are still trying to figure out where they went. The last attempt saw them sorted out and discarded somewhere so we obviously need to get more information out before we have at it again.

We are trying it again this year. The general "Plan A" is that a couple of boats will stick these things into their urchin bags as they are loaded on the dive boat. The loggers are held in models about the same size as the urchins so they can simply be placed and forgotten and there shouldn't be any problem with them dropping out. The loggers then stay with the urchins until they are processed in Vancouver where they are removed and the data extracted. At this point we are simply looking to profile the temperatures throughout the year and I will download, graph and roughly analyse the data, reprogram and redeploy the devices each month or so. This should give us a pretty good picture over the year. An alternative "Plan B" might involve simply cycling

the loggers around on the packers without necessarily shipping them down to Vancouver every time but getting everyone in the whole system used to them so they end up getting where they are supposed to is the first priority at this point.

Ideally some product quality measurements should also be included so objective scores on the quality impacts at a number of points can be teased out. The impacts can be broken out into pre-processing and processing components. Pre-processing includes the obvious - things like broken urchins, culls because of death or gross discolouration because they got soaked by rain, while the impacts showing up during processing will likely be more subtle but also perhaps more significant. These might include things like colour and texture changes in the uni leading to differences in breakage, sorting and grading. It might also lead to changes in the ratio between the pre-finish and post-brine finished weight. Integrating this into the mix will require more work and therefore more money so while it may be a bit premature at this point, it may make sense to start thinking about it

Improving prices is a reasonable goal based on the assumption that the quality that makes it to plants and to the consumer directly affects how much the product is worth. Everybody accepts that higher quality gets more money, but some loads are better than others and processors have to average out the good and bad so they can turn a profit and stay in business. That does not mean that everyone is happy about it, or should be. There could easily be things going on in transport that hurt the product, or a portion of it, that we know nothing about because we have no data on the holding conditions and therefore no clue as to the existence of any differences. Making changes to avoid damaging conditions- assuming they identified, should improve useful recoveries at the plants and allow higher prices. At the very least it will provide industry with more control over the quality of the product supplied and through that on revenues.

Putting together a n effective Quality Assurance (QA) program with lots of objective quality and handling measures also holds potential as a marketing aid. Japanese consumers are willing to pay high prices for premium products which consistently meet the rigorous demands they set. They also lead the world in their demands for information on the branded products they consume. Meeting this demand by developing a fully implemented system capable of tracing purchases over the internet right back through the processors to the fishing area, the boat(s) involved and perhaps eventually including live links to working crews on the grounds, would provide buyers and consumers with an innovative tool that could become a defining feature of the Canadian product.

10. Biologist Report (Dan Leus)

Dan Leus says the reporting is all complete for the RSU surveys and the technical reports are now available on the DFO website. It may be possible to set up a link on the PUHA site although there may some copyright issues that DFO will want addressed before that.

Follow-on surveys on some of the experimental sites in Tofino and Louisa Island in the Charlottes looking at the kelp community, urchin densities and abalone density are a **priority**

for DFO. These are long term projects. The kelp community structure should be of special interest to industry because there are a number of reports suggesting that recoveries and the colour of the uni are directly related to the kelp species comprising the main feed source. It might make sense to make sure the DFO research group understands that industry would like some effort put into these questions and not simply see such applied research ignored. Ecological studies arguably conform more to the basic research preferred by pure scientists.

The Tofino surveys have been a bit of a priority for DFO because the sea otter data comprises a long time series and they are on the look out for hard data on obvious trends. They have seen a significant decline in urchin densities but this simply continues a trend that has been observed over the past 9 years. No real analysis has been undertaken yet and the lab is tentatively scheduling that for the coming winter. They are trying to set the agenda around conducting surveys in the summer followed by analysis the following winter. The otter group at DFO is looking at otter impacts in the Goose, McMullen and Tribal Groups as they feel these are the areas.

There is **only one broad brush urchin biomass survey being planned for this season.** These are a bit of a concern for science because they are the only fishery independent data source available and the lack of recent surveys is worrying managers who may then feel compelled to reduce the area quotas as a precautionary measure. This is a DFO argument to conduct more of these surveys.

The evidence of financial distress for PUHA over the past few years does not seem to register. Dan stayed on message here and mentioned that they feel it is necessary to conduct a minimum of 2-3 such surveys each year, along with (one supposes) the above-mentioned priority long term studies. There was a question regarding the use of underwater video to on the abundance surveys but DFO has thus far been reluctant to allow such a move, although they are at least discussing it with the dedicated group at the Institute of Ocean Sciences (IOS) in Sidney. There was no discussion of the significant increase in efficiency that might be realized and the potential for realizing a large increase in coverage at a much lower cost per km. Previous work with GSU has demonstrated the efficacy of underwater video with urchins > 45 mm TD. The biomass surveys are directed primarily to census legal size urchins which are much larger than this.

There seems to be some difficulty getting fishermen interested in participating in these studies. WCB requirements must always be met and of course there is sometimes a bit of slippage there. PUHA currently pays \$1,000 per day for the boat and divers, and includes some extra days to cover travel. Dan is still looking for someone for the upcoming East Thurlow island area surveys (PFMA 11). Dan will take some names and contact information

The RSU management regime is converting to a shoreline length from the current polygon fishing area model. The preliminary data analysis has been completed but there is not yet enough done to justify releasing recommendations for management. The data entry for this method should be simpler than the current system so there may be some savings on the order of \$10 - 15K per year available. It may also require less of biologist's time so there may again be additional savings.

11. Ahousaht Update - (Darrel Campbell)

The Ahousaht Council is seeking a letter of support to get the sea otters off the endangered species list at the next COSEWIC meeting this coming October. PUHA will provide a letter supporting their claims of impact and harvest question(s). There are also some joint explorations involving PUHA and the Ahousaht into urchin culture techniques so some of otter impacts can be at least partly countered. PUHA wants to maintain its relationship with the coastal communities in the area.

Darrel was also questioning the accuracy of the DFO otter counts for the area. He reports that DFO counts 20-25 for the entire Clayoquot when there were that many at least in a single small bay. He feels **DFO otter counts may be overly conservative.**

12. Processor Comments

Paladin International Food Sales Ltd.

Albert Wong feels the market will be about the same as last year this year. They would like to increase industry's ability to pick to the market and are looking for additional scheduling flexibility to assure a steady flow to the market as a measure to increase our competitiveness.

Pacific Urchin Processors (PUP)

Didier High and PUP are projecting average landed prices about the same as last year even as they see market prices slowing increasing as younger folks move into buyer positions. PUP uses spot and pre-arranged contract sales to move its product and have seen that the IUU sales have an immediate effect on demand and prices in Japan. They have heard of guys bringing Japanese, or possibly Russian IUU, product into the US, processing it and sending it back to Japan. The margins on sales to Japan are hurting as airfreight charges are now very high, especially when the fuel surcharges are included. They have a sales office in Tokyo.

Commenting on the handling and transport from the grounds, PUP is the last processor in line and would really appreciate maximum care for the product so it arrives at their plant in as good a condition as possible. They feel this can only help prices.

PUP maintains there is a large and growing domestic market that they cannot get enough product to properly service. The company operates in the US around Seattle and they have lots of local customers. Good sales for them, based on 250 g. trays with 36 - 42 trays per case, register at about 15 cases per week during the winter and 4-5 in the summer. As with the experience of the processors in Canada, they have found that they cannot mess around with orders for 2-3 trays at a time and hope to make a profit. They are working now to set up a middle man who has the required information and contacts to build the market in the Pacific Northwest. Such efforts should recognize that 85% of the restaurateurs who might be interested in the product are of Asian descent and that an Asian middleman is going to have a distinct advantage for any number of reasons.

Grand Hale Marine Products Ltd.

Francis Cheung, representing Grand Hale, expressed some confidence for the coming year in part because they have seen a stable Japanese price (expressed in Yen?) over the past four years. He reminded the meeting that sea urchins used to be a licence to print money and that a lot of people attending did very well by it. He also feels that the time has come to put more money back into the industry to turn things around so it can again become a profit leader.

Grand Hale has lots of sales to restaurants in Japan and, as with Paladin, considers maintaining a steady flow of product to the market a priority. This will help maintain demand and prices and limit substitution opportunities for other suppliers. Grand Hale is working on building the reputation of Canadian urchin in Japan and produced high quality trays that got upwards of 6,000 ¥ per 250 g tray on Tsukiji most months last season. This is a very positive sign.

Fluctuations in the currency rates (general rise of the Canadian dollar vis a vis the USD and Yen) have been impacting their margins but they are migrating to a new system this year in a bid to boost quality. The new system lays out what he wants to the fishermen and those who can catch that size and grade will make money while those that can't should simply go home. There should be better margins this year for the fishermen as well even if prices do not rise as the lease prices have come down a bit.

Kiku is not intending to begin production until recoveries reach a certain level and are not sure they will reach last year's production this season. **Territory Seafoods** is basically paralleling Grand Hale. **Hito** and **Seagate** will not get going until mid to late October onwards while **Harbour Marine** has now reportedly dropped out of the urchin industry.

John Parkin noted that the number of active processors is down and questioned whether the remaining outfits would be taking up some of the slack so all the boats can be kept busy. No one directly addressed the question or committed to use all the harvest capacity in the fleet. Albert mentioned that Paladin was already 200 k lbs behind last year's results but that they are really hoping for a better weather situation than last year, especially in October, January and March. If the weather works out better this year there will not be 2 M lbs left at the end of the year.

Special New Business

Constitutional Issues

The aim with this is to modernize bylaws for the Pacific Urchin Harvesters Association so they more closely match the reality as per current practice. Other groups have gone through the exercise and have found the same sorts of issues that needed tweaking.

12-a. Quorum Definition

The default quorum size under the Society Act is 3 members. Peter Codling put forward a motion to set the presence of 51% of active licences, an active licence being defined as a licence on which the association fees were paid in the past or current season, as the Association requirement for declaring a quorum. Dave Lansdowne seconded, All in Favour.

12-b. Vote by Proxy

George Dennis put forward a motion to enable votes by proxy where a recognized proxy will include a signed proxy form or facsimile thereof or a recognizable voice authorization from the licence owner obtained prior to or during the meeting. John Parkin seconded the motion. AIF.

12-c. Notification of Meetings

Keith McMurray put forward a motion stating that Notification of meetings are valid if distributed by mail, facsimile or email. Francis Cheung seconded. All in Favour.

12-d Create Associate Membership

Louise Harker put forward a motion to create a non-voting Membership class for industry stakeholders who do not own a licence, including but not restricted to vessel operators, divers, other crew, packing and transport service providers, process line workers, unloaders, truckers, etc. Bob Reinstein seconded. All in Favour.

12-e A motion to remuneration for Directors and Officers of the Association was retracted.**12-f. Establish and extra voting right for each licence.**

The meeting was asked for a motion to establish an extra voting right for each licence to be held by the operator of the licence in addition to the currently existing right held by the licence owner. None of the members in attendance was willing to put forward such a motion.

Focussing on and delivering quality is one of the few real levers the industry has to influence the market and it is especially important when the market is soft. Open transport is not an issue this year. The industry is basically agreed on the primary goal being to get the best possible product off the grounds and to the processors and that there be no free riders. The only requirement for access is that all invoices be paid up from last year and that all invoices be paid up within two weeks of receipt. An informal rotation system has been agreed upon by the packers. This will mean more communication between packers, the dive fleet and the unloaders is required but the experience last year showed that it can and does work well.

Last year's problems came more from poaching workers and deliberate undercutting on established markets. These are not expected to recur this year.

George Dennis introduced an idea to **use some of the quota from unassigned licences**. Fishing these using a pooled access system so boats can fish partial licences which can then be transferred to another boat for completion may be possible. The crew would be paid by the processor and the licence owner provided a pro-rata payment on landings while PUHA would receive a surcharge (~0.07 -0.10 per lb.) for administration and taking care of the required coordination etc. An auction is again a possibility on this but much more discussion is required. There will no doubt be many questions and concerns raised by DFO and others on this.

Meeting was adjourned at 1600 hours.