



P.U.H.A. NEWSLETTER

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President's Report—*mike featherstone*



The trend in landings has been steadily down since 2003. If we compare to Feb. 1 in both 2001 and 2002 - 73% of the quota was taken by this time. Currently we have taken only 49% of the quota. In terms of pounds, the coast wide difference is 2,500,000 and there are still 29 licences not active.

The biggest factor has been the weather. The storms have been unrelenting and even when the weather has broken, there has not been time for the swell to subside and allow the divers to access the exposed grounds. The market itself has been showing a steady demand, however, it is hard to judge how resilient this is as there has been an insufficient supply. The typical strong demand in December allowed some processors to pay prices to \$.90 although some vessels received very low prices presumably due to quality.

One of the biggest corresponding factors relating to the decrease in landings has been the increase in the IUU Russian Fishery. PUHA has been lobbying the International Directorate in DFO in an effort to resolve this situation. During our recent marketing trade mission to Japan the delegates traveled to the Hanosaki Port near Nemuro in Northern Hokkaido to document and observe first hand the landing of the Russian product. Geoff Krause produced a full report on the situation which is available on the website or by request from the PUHA office. In March I will travel to Ottawa to raise the issue with Guy Beaupre, the Director General for the International Directorate. PUHA has also sent a letter discussing the issues and presenting the report as a prelude to our meeting in March. You can also see a special report describing the Japan initiative prepared by David McRae in the February issue of Fisherman Life.

In light of the current situation as it relates to PUHA meeting it's commitments under the Joint Project Agreement, I have prepared a letter to Don Radford, Director General for the Pacific region. As everyone knows PUHA raises revenues through voluntary fishermen payments collected through the sale of log books. Under the current circumstances some fishermen are opting not to go fishing which may result in a budget shortfall. The letter firstly explains the current situation and how it has evolved and then proposes some options. One option is rolling over the un-fished quota the following season to PUHA to be used to generate revenue to offset the annual fee, another variation on this would be to remove the unused quota from the TAC and use this reserve to offset the annual

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fee. I raised the issue at the last meeting of the BC Seafood Alliance and have received support from the other Associations. I am exploring the options other Associations are using in dealing with funding and the Alliance will also prepare a letter detailing the overall concern this issue raised in the big picture of co-management.

The transportation issue as referred to over the past months in this column came to head during November and December. Emotions were high on both sides and accusations have been flying regarding my involvement on the issue. In January one licence holder and one vessel operator asked for my resignation over a conflict of interest. After seeking legal counsel and the opinions of the directors I did not step aside, however, it may be time for others to step up to the plate and take a more active role. I am reconsidering my continuing role as President and preparing options to ensure the continuity of the Association's goals and objectives. As President I have often been accused of managing the Association for my personal benefit. I find this offensive as the procedures and protocols for managing the fishery are well documented and transparent. One recent change with respect to fleet movements is that all requests go from D&D to the executive director, Ross Morris who gathers the directors input and reports the decision back to D&D and subsequently to DFO.

Under my leadership the Association has strived to be inclusive considering all stakeholders opinions including divers, operators, processors, end users, DFO and coastal communities. I am proud of the work PUHA has accomplished since it's inception and want to see the efforts of the Association continue to benefit all industry participants!

Following in the newsletter is an update on the new website and how you can get in to the members area. I have also summarized the transportation issues which at this time seem to have normalized. Our biologist, Dan Leus, has provided an overview of the new quota calculation methods. DFO will be asking for industry input into the new system once they have further refined the proposal. I attended the PSARC presentation of the proposal and provided some general comments at that meeting. An improvement in the weather and a string of steady days diving would be just what the doctor ordered to raise crew morale and get this season back on track!

Marketing —geoff krause



PUHA has submitted a proposal to Agriculture and AgriFood Canada for funding to continue with the marketing program for another two years. The main elements of the program include continuing to build on the website for internal communications with the membership and between the membership and consumers of our product. Your participation will be important for success in establishing a personal link as a marketing aid and supporting sales of BC urchins. Annual trips to Japan for meeting with the buyers, a trip to the Tokyo seafood show next year and visits to the European Seafood Show in Brussels over the next couple of years round out the activities planned.

The Great Packing Processor Conflict—mike featherstone

Prior to the opening of the season a group of established processors opted to set up their own independent arrangements for transportation. The reasons for this were varied but centered on competition issues for labour, markets and pricing and the so called "free-rider" facet. The sea urchin market development group advocated a jointly developed, standardized grading and pricing system. Negotiations collapsed in November and the following is a summary and a defense of my actions as President of PUHA and as an independent business person.

As Robert Half once said "*The search for someone to blame is always successful!*"

It was never my intention or any other packer operators' intention to cause anyone any harm. All any of us want to do is go to work, provide the best service possible, get paid a fair rate of remuneration and then get a good nights sleep. PUHA directors and particularly I have spent many long hours continuously working to have an open access transportation system. At the spring AGM, there was a discussion of this issue, it was my recollection that we had made a motion to the effect that PUHA would advocate this policy. The fact is that when Tim Joys went to check the minutes of the meeting in order to throw that resolution on the table it wasn't recorded (as an aside I don't record the minutes so you can't blame that on me). In spite of this, at every meeting with the processors on the transportation issue it was made clear that PUHA advocated an open system.

The so called "affrieghtment agreement" which was presented by the processors was reviewed by PUHA legal council at the request of Tim Joys and the opinion was that the agreement was improper. With respect to that agreement I always maintained that I could never sign it, as did Dave Lansdowne, John (Archie) Drake and Gary Grant. Nevertheless I stayed at the table and continued to try and find a negotiated deal that would work for all parties. I would like to include a copy of an e-mail sent to Jeff Kanada (dated Oct. 29) with my comments on the subject:

Thanks for edit suggestion on packer agreement, I will make the change as you suggest. As you probably know the packers would prefer to continue to work with all the boats. PUHA endorses an open access transportation system. In an effort to compromise and keep the system working for all the vessels this is the best solution the parties could agree to at this time without a serious disruption or continued conflict.

In November I was running back and forth between the 2 groups trying to come up with a solution that would keep things going. It is not my intent to describe every meeting or option provided but anyone can speak with Sung, Alice or Sean to confirm my efforts at that time to find a solution. Unfortunately most other industry representatives were either too busy or too fed up to join in the discussions (a reoccurring theme??).

It is true that I eventually signed the agreement to lease the Ocean Ranger as did Archie and Dave with their vessels. This type of agreement is a common trade practice in the fishing industry. It was not any packer operators' first choice, in fact all the operators had proposed a fair rotation and sharing system with an effort to reduce costs and get the product off the grounds as efficiently as possible.

One caveat to the signing of the agreement was that all products would be looked after until the non contracting parties had made their arrangements to get their product off the grounds, those arrangements were made with the Western Monarch.

From a historical point it should be noted that I had fought a very similar battle in the past, at that time my packer was black listed for helping Paladin. My business suffered severe hardship for sometime after that incident so I had little confidence that I would receive support from the grounds in defense of these PUHA ideals. I also maintained that if the will on the grounds was to truly fight for these ideals, they (the fishermen) needed to take up the battle themselves. Is it not irony that some of the loudest parties condemning PUHA and I are the same parties that often try and undermine any initiative PUHA has in support of a well managed fishery?

Marketing continued—geoff krause

Our marketing and general "Jack of all Trades" consultant, Geoff Krause, is continuing his efforts to profile the quality and handling of the catch using the temperature loggers and infra-red thermometers. He is planning a trip to the grounds before the end of February where he hopes to trade opinions and ideas on how we can improve this fishery. He will have electronic copies of all his reports and a bunch of CDs so he can burn them and hand them out just in case you for some reading on the computer. Here's hoping the weather turns and the fishing gets better.

Once the lease agreement was signed I notified all affected parties and continued to supply the packing services until arrangements were concluded so that there would be no interruption in service. I called many people involved in the issue including Gary Grant, Sean, Alice, Sung, Al Shanks, various directors and others. Further to that I set up a meeting with Harbour, Sung and Sea Gate to clarify everything that had taken place to that date.

I think it is important to recognize that PUHA is an Association of independent business persons with a primary focus on sustainable fishing and liasoning with DFO to maintain a well managed fishery. Over the course of the history of the fishery there have been many various arrangements for packing and transportation and PUHA has never had any direct influence on these arrangements. PUHA has no control over what different processors choose to do with respect to these arrangements. These arrangements are based on individual business decisions, just as individual fishermen choose who to sell their product to. Like wise I had to make a decision to continue in the packing business which I have been involved with for over 15 years.

It is counter intuitive, but by signing the lease agreement I hoped that the conflict would eventually resolve itself and the waters would smooth over. Sometimes the harder you push the more resistance you get; eventually you have to try a different approach. In December I continued to work to resolve the situation and set up a meeting after my return from Japan (where PUHA delegates had been working to promote Canadian sea urchin products and particularly gather more facts on the Russian IUU fishery). This meeting was Dec.8, in Steveston (so called neutral ground) and I had in fact had opened discussions for a compromise on the situation under certain circumstances. Unfortunately, none of the so called affected parties showed up. This was particularly emotionally draining for me, not to mention frustrating in light of my efforts on their behalf.

On Jan 6, Tim Joys, Dave Landsdowne and I met with legal council regarding the draft submission to the Combines Commission, as PUHA was approached as a signator. The concern raised was whether I should stand aside until this issue was resolved based on reference to my credibility with respect to continuing to represent PUHA in the submission. Based on those discussions I forwarded all the information to the directors and sought their opinions. The overwhelming majority of directors recommended that I continue as President. At the time PUHA was approached on this issue, Tim Joys declined PUHA's involvement until the board of directors was consulted. The majority of directors agreed that it would be inappropriate for PUHA to be involved in this action. In this regard PUHA had already received legal advice that this type of action was difficult, costly and a long drawn out process with little chance of success, (PUHA had reviewed this option 2 months previous to the filing).

Finally, the door has started to open and the contracted packers can now assist all harvesters if and when it is possible. In fact the lease agreements have been modified and now all processors have been offered a basic contract and fee schedule. As recently as Jan 15th and the morning of the 16th, I extended this offer both through the PUHA coordinator on the grounds as well as to Sung Fish. This has been my goal for over 3 months and my efforts have been clear, transparent and a matter of record.

PUHA has always endeavored to include all harvesters, processors and other third party opinions. I will continue to stand for the remainder of this year based on the support of the directors. I will consider my options for the next term at a later date. I urge all parties to cooperate wherever possible to ensure that the freshest product gets off the grounds and to the market. It is not in anyone's economic interest to have partial loaded packers sitting on the grounds waiting for a load while the product deteriorates. The fishermen are the ones who ultimately pay the price.

In conclusion I want to leave you with a thought from Yogi Berra '*I don't know where it's going to stop except at the end*', in this respect I hope this is the end of this issue!

Biologist Report—dan leus

Fisheries and Oceans Canada, in consultation with PUHA, is developing a new framework for the assessment of red sea urchin stocks in British Columbia. The previously adopted model was founded on a principal of area based stock estimates of urchin beds and habitat whereas the new model is based on shoreline classification. The maturation of the fishery, along with recent developments in technology such as GIS, is allowing a more realistic model of urchin stocks, helping to ensure the long term sustainability of red sea urchin harvesting in British Columbia.

The new model is at a point of development where consultation with industry, First Nations, and other stakeholders may be required in the coming months. We are currently encoding the coastline of B.C. into GIS software allowing classification of coasts into several categories relevant to the sea urchin fishery. If you are familiar with particular areas of the coast, or have other information that you feel will help, please let us know you would like to participate in the upcoming consultation process.

PUHA and Fisheries & Oceans Canada also have annual surveys planned for the upcoming off-season. Industry involvement in these surveys is essential. If you would like to be involved in these surveys, or the consultation process for the BC shoreline classification, or if you have further questions regarding the current status of any of these projects, please contact PUHA.