

Pacific Urchin Harvesters Association

AGM 2019

Aug 19, 2019

Beban Park, Nanaimo

Attendance

Members:

Mike Featherstone	Darin Macy	Ken Ridgway	Dave McRae
Karolyn McLeod	Deb Hanson	George Dennis	Connor Lindsay
Barb Kryzanowski	Larry Duggan	Jim Hume	John Lindsay
Bekkie Khan	Geoff Krause	Al Shanks	Mark Menckhuyser
Bob Hegedus	Alfa Wong	Scott Castle	
Wacke Javgsz	Leeanne Baird	Danny Byers	

Others:

Ron Ross	Christine Burridge	Ryan Ford
Bruce Turris		

DFO :

Dan Leus	Pauline Ridings	Erin Wylie
Janet Lohead		

Regrets:

Tim Joys	John Parkin
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1.01 Approval of 2018 Annual General Meeting Minutes

Motion: Approve 2018 AGM minutes. 1 °: M. Featherstone. 2: B Hegedus. AIF. Carried.

1.02 Election of Officers

Mike ran through the list of Directors and officers. Chris Grant is not active and Jim Dyck is stepping down. Mike Boyd was nominated to come on board.

Motion: Approve Board as presented. 1 °: A. Wong. 2°: B. Hegedus. AIF Carried

1.03 Financial Report

Our Fiscal year ended June 30 and Galloway Botteselle & Company, who have done the financials for the past 20 or so year, completed the year end financials.

Both the revenue and expenses are significantly higher this year. This is due to the Urchin Removal program with the government. The revenue and expenses for that project almost balance each other out, with slightly more revenue to cover admin costs.

Revenue

- ✧ Increase in AgriMarketing Funding
- ✧ Membership and validation fee changes \$560,409.00 - up by \$35,394.00 from 2017/18
- ✧ Green Urchin Membership was up due more green quota last year. Total of 48 licenses.
- ✧ However the Red Memberships were slightly down from last year 68 full and 22 half
- ✧ Urchin removal project

Expenses

- ✧ Insurance increased due to change of insurance company as the old policy didn't have adequate directors liability coverage.
- ✧ Increase in professional is for Lawyers for changes that had to be made to the companies act for the directors
- ✧ Urchin removal project.
- ✧ DFO pulled their funding and we had to hire our own biologist

- ✧ Other
 - ★ Cash is down due to not having received the AMP money yet.
 - ★ Term deposits remain the same, but the term will be up at end of August and we're looking to see if we will leave with Westminster Saving or move them to RBC.
 - ★ Accounts receivable is mostly grant money coming and GST refund
 - ★ Accounts payable is for balance of Validation fees and pre-paid expenses for upcoming trade shows.

This resulted in PUHA having \$306,172.00 net assets at the end of the year, comprised of cash and term deposits. \$338,064.00 less accounts payable of \$31,892.00

Motion to Accept Financial Report . 1 °: J. Lindsay. 2 °: S. Castle. AIF. Carried.

3.1 Unaudited Financials

Motion to wave the audit of financial for current year and look into costs of future audit.
1 °: John Lindsay. AIF. Carried.

**** Note estimated costs from accountant \$5,000-\$6,000**

4.0 Presidents Report

Mike provided a review of a year that challenging in many respects. Ocean conditions are beyond our influence but because our fishery arguably has positive environmental impacts we can work constructively to make sure we accomplish just that. Financially we are doing OK with a small surplus despite some curve balls from government. There was a sudden cancellation of survey funding right before it was supposed to happen and then of course the ongoing North Shelf BioRegion Marine Protected Area network initiative. We are working with the UHA and PSCHA to make sure our perspective is presented at the meetings and with the BC Seafood Alliance to make sure our commercial fisheries are all on the same page.

This past year saw the most successful green urchin fishing in some years. Quotas have increased, the market has improved and collaboration with DFO has and continues to improve. Last year there were signs of population expansion(s) on the north coast and we are hoping to develop opportunities there in the future.

The red fishery did not fare as well this past season and the total catch slipped just below 6 million pounds. The challenge was more finding acceptable quality product as the market saw increasing prices, extending the trend we have seen over the past 3 years. On the plus side, collaboration between companies on logistics was up which makes the whole industry more efficient and therefore productive. However, a common complaint was boats bugging out at the first sniff of bad weather whereas others wanted to move on to new areas too quickly. Just having the range of different boat speeds in the fleet complicates keeping them together.

All along the east side of Haida Gwaii and over much of the North Coast, there are lots of urchins and little kelp, suggesting quality might be a problem. Recovery of kelp seems to be happening on the South Coast but not yet on the North.

One positive success story this year was the completion of a kelp recovery project up at Murchison Island in Gwaii Haanas that we have been working with Lynn Lee on for the past couple of years. The project was funded by Parks Canada and put together by Lynn as a collaborative project with PUHA. 5 boats participated and while there were no marketable urchins found, it was a barrens so not a real surprise, there were about 300,000 urchins popped between datum and 60'. A subsequent kelp survey found kelp coming back and the hope is that we'll get a win-win out of it in coming years as we are able to harvest sufficient numbers of good quality urchins to see full recovery. If the science shows the benefits we anticipate we might then look forward to expanding efforts in adjacent areas.

The worst thing that happened this year was a young diver losing his life in a diving accident. Details have not yet been shared but the tragedy brought renewed focus on diver safety and certifications. PUHA arranged 4 courses from Richmond to Prince Rupert with Kelly Korol of Dive Safe International at which about 70 divers and tenders upgraded or renewed their certs. PUHA, PSCHA and UHA representatives have since met with FishSafe to develop a "Best Practices for Seafood Harvesting" program that will be shared with fishermen in the near future. Ryan Ford will be providing a summary of the program to date later this afternoon.

We will also get a marketing update this aft. Generally the market has been good as long as the product quality is good. Our efforts have largely focused on Hong Kong and China and we have seen them grow in importance as Japan has become less dominant.

PUHA is planning a new branding strategy with a focus on the product and market but that will also encompass our industry values. Ron Ross will summarize that for us later this morning.

In short, despite challenges, our industry is moving ahead, continuing to grow and improve.

Motion to adopt Presidents Report. 1°: J. Lindsay. 2°: D. McRae. AIF. Carried

5.0 D&D Reports

5.1 Green Urchin Fishery

Fishing opened and commenced on September 1, 2018 and the season closes August 31, 2019. The Total Allowable Catch (TAC) increased to 578,200 lbs from 491,764 lbs last year meaning Individual Quotas (IQs) increased to 11,800 lbs from 10,036 lbs.

Of the 12 Quota Management Areas (QMA's) in the fishery, 9 achieved >95% of their TAC while 1 was not active. Biomass reports are healthy while spawning was reported early on the South Coast. GSU in the Cape Mudge QMA are starting to push out the RSU even though both species are abundant.

Conservation and Protection (C&P) are going easy on things like no paper licences on board as long as vessel has an e-copy on board. The RCMP- not so much.

The GSU fishery is conducted based on last minute orders. 8 buyers were active with 1 accounting for 50% of all activities.

FSC amounts are removed off the top when the TAC is calculated from biomass so it does not have a lot of impact on commercial quotas. When urchins are donated as FSC fishing contributions - as long as someone shows up with an FSC permit a tote can be transferred to the FN without affecting the vessel quota.

5.2 Red Urchin Fishery

The season comprised 248 days of fishing and the average landings/day declined significantly, perhaps reflecting a slightly lower number of active vessels or perhaps greater attention to quality. The season opened as scheduled on August 1 2018 and fishing began on the South Coast on Aug. 3 while the North got started on Sept. 6. Total landings came in at just under 6 million lbs out of a total TAC of about 10.5 M lbs. with 4.7 M lbs on 62 tabs of this coming from the North and 1.3 M lbs on 20 tabs from the south. 2016/17 was the last year of good fishing with 17/18 down badly and 18/19 improving.

PUHA again set aside QMA 17 around Nanaimo for the local BC Live Market Program by gentleman's agreement so guarantee supply for the developing Live Market Program but this agreement was not honored and the Live Market Program could not be supplied.

The Vessel Monitoring System (VMS) protocols were in place and successful again this year although there seems to be a little confusion on who can be designated an On Grounds Coordinator (OGC). Just having an on board VMS is not enough to qualify as an OGC- that must be cleared through D&D, PUHA and DFO.

Karolyn is taking care of tab registration. D&D has been doing for the past 20 years so this is a substantial change.

C&P seem to be going overboard with exact precision on undersize but are probably letting other possibly more important things go by in the process. This may be a bit more problematic now because there are more new boats/guys starting up and they don't quite have the feel for it yet.

Buyer activity changed dramatically over the past few years with one company taking about 30%, another 15% and a bunch of smaller guys taking the rest. The influx of new entrants to the industry declined this year and the lack of commercial divers and vessel masters may be playing a role in fleet size by buyers.. A decline of dockside workers at processing plants is also an issue.

There is a large biomass of RSU in many areas of Haida Gwaii and in certain areas of QMA's 3-6. Sea otter predation in QMA's 6,7,10,12 and 106-02 is active and is increasing in areas 4 and 5.

Motion to adopt D&D report. 1°: B. Hegedus. 2°: D. McRae. AIF Carried

6.0 Green Urchin Fishing Report

Greens up around Port McNeil are still not being hit hard by otters so the same might be the in other parts of Area 11. In areas 17 and 29 there are probably only maybe five thousand pounds in each but we are still looking for some way to get the guys in there. There were some pounds left in Area 18 for the live market which are now being fished.

Russian production (out of the Kuriles one supposes) this year was very good with reported recoveries of up to 12% vs the 4% we have seen before.

Motion to Accept GSU report. 1°: S Castle 2°: J. Hume AIF Carried

7.0 Red Urchin Reports

7.1 South Coast

RSU around Port McNeil are OK but could be real vulnerable to otters and we will see what happens this year. Quite a few around Johnson Strait.

Quality is falling around Victoria for the past couple of years and is in fact changing all over the South Coast. There may be changing spawning periods etc meaning it may make sense to keep the fishing schedule more flexible. Campbell River is now open whenever now while Port McNeil is now held back for Christmas. Option is now to take half whenever and leave half for Christmas. Discovery Pass was hard to get open but we got 80,000 lbs in the area of which about 65 K was taken. There were a fair number of problems with compliance in the area because there were new divers.

Motion to Accept report 1°: S. Castle 2°: A. Shanks. AIF Carried

7.2 North Coast

Big thing up there has been quality issues, probably due to a lack of kelp. Water temperatures are now cooler so hopefully recovery is just around the corner.

We saw lots of cooperation on packing etc between fleets this past year. This allowed more one-day loads which contributed to getting the best possible quality off the grounds. There were

however times when there were fewer boats on the grounds and it was harder to get them away from Prince Rupert. The PFMA's close to Rupert were opened and hit 5-6 times over the season which contributed to the problems in finding good quality product.

The fishing did not get into sea otter areas, which now extend into South Banks Island and Rennison, although there is hope that these are just scouts that have not yet settled in. There are also scouts along the east coast of Haida Gwaii. There was insufficient effort around Langara to confirm the presence of rafts reported in that area over the past couple of years.

Motion to accept North Coast Report 1°: K. Ridgway 2°: D. McRae AIF Carried

8.0 Budget for 2019/20

The format of the budget is the same as it has been for the past 20 years, next year there will be some more detailed breakouts. Fees for reds were increased by \$100 last year. The budget is based on revenues of \$519 K while expenses are down a bit from last year @ \$514 K (from ~ \$600 K).

D&D has done a great job keeping their fees steady for many years and the Executive really appreciates that. The refunds for guys acting as OGC was increased from \$350 to \$1,000. There is \$10 K for surveys but it is quite likely we will be able to avoid them this year as we are ahead of the curve in that regard. That will leave us with a \$5.5 K surplus for the reds. The greens budget has not changed and has revenues of about \$128 K and expenses of \$122 K leaving about a \$6K surplus.

One of the GSU licenses is a FN. It got registered with DFO but did not actually activate and might have been held back for PICFI so was not included in the budget for the coming year either.

Motion to accept budget. 1°: A. Wong. 2°: D. McRae AIF Carried.

9.0 External reports

9.1 Rebranding Strategy

Based on "We are the Best". Ron Ross played some new video that outlines the animals, the fishery, the sweet taste of the BC product, the use of the product and the basis for the claims that the "BC industry is among the best". Justifications include our commitment to best practices (safety and quality focus), sustainability, fair trading and pricing and community and consumer involvement. We continue to innovate to bring improvements to the industry and develop new products (like live) and new ideas for building bridges collaborating with government, Canadian National Park Service, OceanWise, coastal First Nations and international buyers who want to work with us.

The aim with this project is to get that information out in front of more people. We want to develop a tool to get real information out to NGO's and government officials who impact how we can do our jobs but who really do not have much insight into what we do or know. Providing more data on things like socioeconomic impacts and our potential to build on the coastal

economies is another important shortfall that is too often not recognized by official types in government or academia.

This will include building understanding of our positive effects on urchin barrens and ocean productivity (note: areas fished most by RSU fishery has the highest abundance of abalone). This will include tweaking the website so it has more punch but will also include some more scripted scenes and more contributions from the fishermen on the grounds that can be incorporated.

The idea is to document the knowledge developed by the fishery and the fishermen so other interested parties, including governments and academics, can have a common and accepted repository of knowledge for reference. Part of the problem is getting the information out in a format that young people are most comfortable and interested in working with so they can get more engaged (eg. Instagram, Pinterest, WeChat, TikTok, etc) .

9.2 NSB MPA Process

Bruce Turriss provided an overview of the NSB MPA initiative and the industry response to initiate a complementary plan that minimizes the impact on fishing while achieving the majority of the ecological and cultural targets in the MPATT (Marine Protected Areas Technical Team) plan. The industry plan is designed along the same lines as the Gwaii Haanas process whereby all the affected fisheries get together sequentially to identify the areas most important to them and then together so they can compromise and negotiate to arrive at an optimum balanced solution for all fisheries that meets the identified conservation targets. He also outlined the target dates for meetings through the fall and winter so results can be presented in January 2020.

There may be some conflicts with some of the scheduled meetings and the start of the fishing seasons for urchins and cukes.

He made the point that the train left the station more than 10 years ago on this issue and that no matter which party forms the government after the election the process will continue. Fighting city hall is always a tough road and while it is an option in this case, it is unlikely to produce any benefits for industry. It is also part and parcel of the Aboriginal Reconciliation process so there is a lot of political currency riding on a successful conclusion.

Under the MPATT plan, some areas that are closed to commercial fishing are still going to be open to FSC fishing. The Haida have a case pending that claims they have an Aboriginal Right to fish commercially under the FSC banner, but at this point Aboriginal Commercial; fishing will be managed under the commercial fishing regime.

Fisheries management and even fisheries science has not yet been an active part of the process either. This has been noted and is changing shortly.

Christina BurrIDGE provided an overview of the challenges faced by the industry with regard to reconciliation. Reconciliation is top of mind for the government and the nature of fisheries will make it difficult for industry to get attention from the government on fishing industry interests. It seems that the direction that things are going includes acknowledgment that First Nations have territorial rights to 40% of BC's coastal waters. This may well translate into a need to negotiate co-management and/or access arrangements with FN's for fishermen to these resources.

Canada has committed to setting aside some 20% of its coastline for conservation purposes by 2020. In practical terms the amount set aside on the BC Pacific coast to date- even before the NSB MPA Network is 37%, as compared to 15% for all other areas of Canada.

The rough estimate thus far on the MPA Draft will affect 40% of the commercial fishery resources of the west coast at a cost of some \$100 M CAD per year to the BC economy. This is far beyond any expectations put forth by proponents and was a shock to Federal and Provincial Ministers when they were so informed. The Province is funding a full socioeconomic study of the impacts.

Interestingly, a fish processing company in Masset, Haida Wild, has closed because they have determined that they cannot feasibly maintain a sustainable processing business in Haida Gwaii because of the restrictions on Chinook fishing through SARA and wanting to preserve more Chinook for SRKW and upriver interior FN's.

There was also the policy paper from the Standing Committee on Fisheries and Oceans on the Pacific Fisheries Licencing Policies. The response of the Minister has not yet been released, and probably will not be until at least after the election, and even then the government will find it very challenging to reconcile the perspectives of the east and west coast fishermen and will probably keep any response as low key as possible. The government also apparently remains unaware of the high and growing FN participation rate in BC's commercial fisheries. Roughly 1/3 of all commercial licences are held by FN and there are lots of FN guys working in the industry.

She also encouraged everyone to get involved in the push letter program like the one this past year for roe herring in the Gulf.

9.3 Management Update

Pauline recently started working with MPATT and the AMB (Gwaii Haanas Park). There are also a couple of committees working with the Haida on the 1 M lb RSU quota increase proposal and with the sea cucumber surveys in Gwaii Haanas. These are teaching opportunities in some degree as there are still some considerable preconceptions to overcome but hopefully things are moving forward.

The IFMP process is moving forward and will hopefully not be changing too much. D&D will have a link to the full IFMP on its website but DFO cannot release it on their website because they still have French translation troubles to resolve before they can post the full document on their website.

9.4 Science Update

Dan Leus provided a quick update on the GSU survey coming up. Stock status update coming in 2021- regular Multi-species survey away in September will include RSU and GSU. Reports on deck include the Tofino report documenting impact of sea otters on sea urchin and abalone. The analysis on the kelp impact(s) has not been undertaken. Nobody has been back since 2012 although Dan would like to check it out to see what the changes are adding up to. Otters are

apparently still in the area even though they had exhausted the urchin feast by 2012. John reports the same around Port Hardy and that he has not seen a lot of change in the kelp abundance.

Janet Lohead provided an overview of what is on coming up in the next while. DFO is trying to improve its monitoring of invertebrates using the multispecies surveys. The new Fisheries Act (C-68) includes a provision on DFO reporting on stock status. Janet submitted a paper through CSAS in February that recommended Limit and Upper Stock Reference points for the RSU stocks that clarifies sustainability claims and suggests harvest rate change from 2 to 5% for much of the North Coast. The South Coast is staying at 2%.

Ken Fong has taken over from Lynn Yamanka as Science Section Head. There are some changes coming but nothing much solid as yet as he is still transitioning into the position. PUHA is interested in increasing access to GSU which seem to be increasing in many area and looks forward to getting it worked out.

9.5 FishSafe

Ryan Ford gave an overview of the FishSafe program. The program is not at all related to WorkSafe BC- they do not enforce regulations or levy penalties. It is an industry funded organization (@ ~6.4-6.5% of landed value from first buyers) develops and catalogues best practices for commercial fisheries. This includes drills (MOB, fire, FA), SOP's, training opportunities etc. They have 6 advisors coast wide who provide these courses on board vessels (including MEDA3) wherever they are needed/wanted/warranted. They also do SVOP and ROC in various locations around the province. In that regard, fishermen might be interested to know that Transport Canada is adding 2 days onto the current 4 day program requirements soon. They have a number of helpful tools on and accessible through the web to provide guidance and documentation for necessary safety training in situations where the trainers are not present.

Contact information will be posted on the PUHA website .

9.6 International Marketing

We got our delayed approval for basically the whole project as presented about a week before the end of fiscal - right around the time of the Seafood Expo north America- aka the Boston show. It was a bit of a surprise that they did not clip the proposal by anything so I made sure we got it all together and in so we are moving ahead on an expanded program. This past year we were a bit constrained on what we could complete by the end of the year so we claimed a bit extra with the idea that we will spend more than our 50% and thereby start balancing things out.

The PUHA AgriMarketing Project (AMP) carried on this past year in much the same way as in previous years despite delays in actually getting the proposal approved. We again joined PSCHA at the Seafood Asia Expo in Hong Kong in Sept. 2018, the China Fisheries and Seafood Expo in Qingdao in November 2018 and the Seafood Expo North America in Boston, all of which continue to work well for us and which we are intending to attend this year as well.

Japan remains our largest market for live greens and processed uni and, although stable, is not seeing eye to eye with South Korea or China, something which could be a source of some problems down the road. Japan imported about \$ 6.5 CAD worth of processed RSU uni last year,

down from about \$ 9 M CAD in 2015 and \$ 3.6 M CAD worth of live GSU last year, up from \$3.1 M in 2016. Hong Kong, which last year imported just over \$4 M CAD worth of processed Canadian uni, about double what they bought in 2015, is our second largest market. Our third and fourth largest markets are Taiwan, at about \$1.7 M CAD and China which just broke through \$1 M CAD for the first time, an increase of about 25%. These numbers suggest that our strategy of diversifying away from Japan a bit has been working but as you might have noticed, there are a few things going on in that parts of the world that presenting risks in our main markets.

As a quick summary, there are ongoing demonstrations in Hong Kong which are disrupting life, and business in Hong Kong and which are drawing threats of near-military intervention from China. The demonstrations started in June in response to an extradition bill that would permit extradition to mainland China and they have carried on with apparently increasing levels of violence ever since. The government of China is noticing and is increasingly viewing them as a challenge to their authority. This is a worry because they are a bit sensitive to challenges like this and, if unchecked, the situation could escalate and see Chinese forces move into Hong Kong to quell the unrest. This would be an unmitigated disaster for Hong Kong, and more than likely for China because of the reputational damage that would ensue as Hong Kong loses all vestiges of its independence. Hong Kong remains an important financial centre and economic powerhouse because it retains independent courts, Rule of Law and personal liberties not available in other parts of China. There are no doubt factions within the Chinese government that would prefer to see these demonstrations simply crushed as a lesson to other parts of the country but so far they are playing a long game and cooler heads have prevailed. Taiwan is likewise watching closely because they know if the whole thing blows up, life is likely to get a lot harder for them as well.

The region is also under pressure because of the trade war between China and the US. Hong Kong in particular is forecast to go into recession in the near future but an economic slow down is expected for the whole SE Asia region over the next while, including Vietnam and Singapore which we are also checking out over the next couple of years. We are hedging a bit in case things go badly sideways over there and are planning on attending the first Canadian Seafood Show in Montreal in late September, but Asia still holds the higher potential upside simply because there are so many people there. Given a decline in travel over there because of the current difficulties and the ongoing desire for business to develop new relationships, this is probably a good time to take make sure our presence is noted as we have a look around.

California seems to be still having trouble because the El Nino a couple of years ago kind of wiped out a lot of their kelp. They seem to be moving a bit more into live sales and are continuing to serve their domestic market.

Thanks to everyone.

Meeting Adjourned.