

What We Heard Report:

Vessels and Related Policies
that Support Owner-Operator



Fisheries and Oceans
Canada

Pêches et Océans
Canada

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Disclaimer

The summaries herein contain the opinions expressed by those who attended the meetings, completed the online questionnaire, or provided email submissions directly to Fisheries and Oceans Canada (DFO) and do not necessarily reflect the views of DFO.

Throughout this report stakeholder views are represented as received by DFO, however, in some instances there are discrepancies between stakeholder interpretations and what is authorized by DFO. As such, stakeholder comments may not correspond to the statutory, regulatory, and policy framework as understood by DFO. In addition, stakeholder recommendations noted below reflect general consensus but should not be interpreted as having received unanimous consent.

Lastly, as the report covers comments from all regions across all presentation topics, some comments may be region-specific and therefore not applicable to all regions.

Minister's message for the What We Heard Report: Vessels and Related Policies that Support Owner-Operator

Fishing has been in the DNA of Atlantic Canadians and Quebec since time immemorial. Over generations, this vital industry has fostered a strong sense of community among those who make their living on the water – a community of people who share the labours, joys, stories, and traditions associated with the sea. Fishing also holds great social, cultural, and spiritual importance for many Indigenous peoples in the region and beyond.

Preserving the vitality of these coastal fishing communities is central to the Owner-Operator and Fleet Separation policies in the *Atlantic Fishery Regulations* and the *Maritime Provinces Fishery Regulations*, commonly referred to as the “Inshore Regulations.” Together, these policies promote viable and profitable operations for independent fishing enterprises by requiring those who hold licences to be onboard the vessel and fish them personally, so that the associated benefits remain in the hands of local operators. This maintains and strengthens the independence and economic viability of the inshore sector.

In 2023, Fisheries and Oceans Canada (DFO) hosted a series of engagements across Atlantic Canada and Quebec to help us better understand inshore fish harvester perspectives on this important issue. These engagements provided the Department with important feedback on how to better support fish harvesters, and the need to introduce policies and tools that will support the next generation of harvesters.

This information will help DFO officials to modernize fisheries in a way that benefits our coastal communities.

Additionally, these engagements also underscored that, while safety at sea is a shared responsibility, our vessel policies play a significant role in ensuring the safety and wellbeing of inshore fish harvesters. DFO actively promotes and supports fishing safety awareness, education, and collaborates with our partners, including Transport Canada, the Canadian Coast Guard, Indigenous communities, industry and fishing associations, both on the catch and processing side.

On behalf of DFO, I want to thank everyone involved in this important consultation exercise. Your feedback is directly reflected in the following “What We Heard” report, and will play a critical role in shaping the future of fisheries. A future where our children, grandchildren and great-grandchildren will carry on our finest maritime traditions.

Warm regards,

The Honourable Diane Lebouthillier, P.C., M.P.
Minister of Fisheries, Oceans and the Canadian Coast Guard



Executive summary

Fisheries and Oceans Canada (DFO) hosted a series of engagement sessions in Atlantic Canada and Quebec to better understand stakeholder concerns (including inshore harvesters and association representatives) about the role its inshore vessel and related policies play in supporting owner-operator objectives. The engagement sessions also provided the opportunity to explore modernizing the policy suite to achieve shared objectives, such as facilitating intergenerational transfers and the renewal of the fisheries workforce for the next generation of harvesters. These engagements focused on how owner-operator is central to the inshore fisheries and designed to promote viable and profitable operations for the average fishing enterprise in coastal communities, by requiring those who are issued licences to personally participate in the activities authorized in those licences, so the benefits associated with a licence remain in the hands of independent, owner-operators.

This report consolidates a broad range of comments received across five key themes, each crucial in understanding and addressing the various connections between existing vessel and related policies and the owner-operator regime. The feedback represents a spectrum of stakeholder views and provides valuable insights into prevailing issues, overarching concerns in the current business environment, and prospective improvements.

Five key themes:

1. Applications of laws, regulations, and policies.
2. Administrative complexity.
3. Enterprise management.
4. Accessibility to enterprises and licences; and
5. Safety, Infrastructure, and Training.

1. Application of laws, regulations, and policies

Stakeholders expressed concerns related to enforcement and potential loopholes in the owner-operator regime that allow some harvesters to circumvent regulated and policy criteria. Stakeholders suggested that DFO focus on consequences for individuals or companies who are acting outside of the rules, and to “Follow the Money” to reduce the exploitation of loopholes.

2. Administrative complexity

Participants expressed frustrations related to the overall amount of rules, desires for more stakeholder engagement on these topics, and concerns with the complexity and administrative burden of adhering to DFO’s fisheries management regime. Specifically, stakeholders noted their dissatisfaction with the rules in place by suggesting that current policies are hindering their ability to operate as owner-operators, that their views should be sought more often

through ongoing engagements, and that DFO should reduce processing times for administrative tasks.

3. Enterprise management

Participants spoke about the practical implications of the current fisheries management regime, and the impact of regulations and policies on enterprise owner-operators, particularly as it affects their ability to manage their business. Key views expressed were related to the proposed Substitute Operator Policy changes, vessel leasing and vessel sharing issues. There was general support for substitute operators as they serve necessary functions for harvesters' enterprises, but concerns were noted about potential abuses of the policy. Vessel sharing remains important for enterprise economic viability and some harvesters would like to see additional flexibility in sharing structures, such as expanding "buddy up", partnerships and other cost-sharing arrangements.

4. Accessibility to enterprises and licences

Of key importance to stakeholders were intergenerational transfers, new entrant access, and policy limitations that restrict harvesters to one licence per species for most inshore fisheries in certain regions. There was strong support from harvesters for DFO to develop policies and tools that facilitate and promote succession planning given the aging demographic in the sector, as well as policies that support new entrants' participation in the fishery, such as pregnancy and parental leave. Many noted that access to capital and the cost associated with the transferring of a license from one harvester to another that accompany being recommended as a replacement licence holder as barriers to entry for young fishers. Participants also noted concerns that the one licence per species policy that applies in most inshore fisheries may be limiting growth opportunities.

5. Safety, infrastructure, and training

This section captures miscellaneous comments that did not naturally fit under the preceding themes but provide additional insights that should be explored. Stakeholders expressed a desire for DFO to include safety more directly in their policy making, such as when making changes to vessel length limits. Infrastructure concerns centered around the limitations of small craft harbours to berth and accommodate larger vessels, particularly given existing capacity concerns. While most participants agreed with having minimum standards to operate a vessel, and referenced mandatory minimum sea time criteria, other participants lamented the amount of time required to obtain the qualifications.

Regional summaries

In addition to the five key themes noted above, a key element of engagements centered around Minister Joyce Murray's announcement in June 2022 that DFO would increase existing vessel length limits for Newfoundland and Labrador's inshore fishing boats to provide more consistency in all Atlantic Canada regions. This changed inshore sub-fleet restrictions on the less

than 40' (12.17 meters) length overall (LOA) measurement to less than 50 feet (50') 15.21 metres) in Newfoundland and Labrador. Consequently, various region-specific vessel policies were highlighted to discuss alignment with the vessel length sub-fleet maximum across Atlantic Canada and Quebec.

Regional summaries for the Gulf and Maritimes regions reflect the feedback of participants from those regions on whether fleets that are less than 50' should be authorized to increase up to a new 50' maximum as currently authorized in Newfoundland and Labrador.

In Newfoundland and Labrador, participants provided their views on whether the current twelve (12) month vessel registration rule should be changed and whether non-core harvesters should also be authorized to have the same less than 50' vessel eligibility maximum. Participants also suggested that increasing the vessel length for secondary vessels beyond the current 28' limit should be considered.

For the Gulf region, many participants were generally in favour of increasing vessel eligibility for the less than 45' fleet to less than 50' for safety reasons but concerns were noted around the effects on small craft harbours and local infrastructures.

In the Maritimes region, no consensus was reached on whether the remaining less than 50' subfleets should be increased up to a new 50' maximum with particular contention arising around fleet rationalization by those who have previously acquired an additional groundfish less than 50' fixed gear licence to participate in the harvest benefit combining (HBC) program. Through HBC, a licence holder restricted to a less than 35' vessel can gain access to a less than 50' vessel (HBC can also result in gaining access to a different gear type, an increase to the number of authorized gear units, and/or access to a new Northwest Atlantic Fisheries Organization fishing area within the Maritimes Region). Licence holders in the groundfish less than 50' fixed gear fishery have been permitted to participate in HBC since March 2011.

In Newfoundland and Labrador, there was no clear stakeholder consensus on changing the 12-month rule with stakeholder preferences spanning from maintaining the status quo, moving to an eleven-month duration or to a 30-day duration. Regarding non-core and secondary vessels, there was a general consensus to extend the new less than 50' vessel eligibility to non-core harvesters as well as to secondary vessels.

Engagement participants also provided their feedback on DFO's substitute operator modernization proposal and the potential changes being proposed to the substitute operator regime. Overall, harvester feedback was mixed on the proposal with respondents generally preferring to maintain their regional authorizations and time allotments that were calibrated over time to particular regional circumstances, instead of one consistent regime. However, there was general consensus across all engagement sessions to include pregnancy and parental leave within the regime to support the participation of the next generation of fish harvesters seeking to enter the fishery.

Who we heard from

From March 7 – May 17, 2023, DFO conducted broad stakeholder engagements on vessels and related policies that support owner-operator. DFO would like to thank the harvesters, processors, government officials, and other industry stakeholders who took the time to participate and provide their viewpoints.

A total of eight (8) hybrid sessions (both in-person and online participation) were conducted in seven (7) different locations across Atlantic Canada and Quebec with a total of approximately 366 stakeholders participating across all meetings. In addition to the hybrid sessions, DFO officials also conducted four (4) targeted outreach sessions upon request by stakeholders.

Participants were invited to complete an accompanying online questionnaire to share their views. In total, there were over eighteen hundred (1,800¹) submissions through the online questionnaire. Stakeholders were also able to submit their views through email should they so choose for which ten (10) such submissions were received.



¹ The online questionnaire was self-submitted and participants were concerned about the potential for individuals to complete the questionnaire more than once, or that organizations might encourage individuals to submit the same viewpoints to skew the results. Upon analysis, no such abuse was found and any verbatim answers were removed. While some participants called on the Department to limit the questionnaire only to inshore harvesters, these engagements were broad and therefore capture the spectrum of fishery participants.

Background

Fisheries and Oceans Canada (DFO) is responsible for protecting and managing Canada's fisheries and works with fishers, coastal and Indigenous communities to enable their continued prosperity from fish.

In Atlantic Canada and Quebec, the fisheries sector is the primary employer in many coastal communities, with fish harvesters, buyers, and processors bringing in necessary revenue that is then used to support the local economy (i.e., shops, restaurants, and local cultural activities).

Within the inshore sector, vessel length policies were historically intended to establish and maintain a level playing field for fishing operations by limiting circumstances where one licence holder would have a competitive advantage over another. Vessel length was and continues to be an important equalizer in most competitive fisheries, however, in fisheries that adhere to an Individual Transferable Quota (ITQ) or Individual Quota (IQ) regime, such rules are less necessary since harvesters are allocated a particular portion of the total allowable catch.

Restrictions on the size of fishing vessels were, therefore, imposed as a means to control harvesting capacity, although over time their purpose has evolved to support species-specific management by clarifying which vessels may fish for a given species, within a geographic area.

Vessel length rules continue to garner media and stakeholder attention, primarily after accidents at sea. Fishery stakeholders have been vocal about the perceived effects that DFO's regulatory and policy suite, within and across regions, may be having on safety.

The Transportation Safety Board (TSB), an independent agency created by an Act of Parliament with the mandate to advance safety in air, marine, pipeline, and rail transportation in Canada, continues to place commercial fishing on its safety watchlist. In particular, the TSB notes that despite various initiatives contributing to a safety culture within the commercial fishing industry, the same safety deficiencies on board fishing vessels continue to put the lives of thousands of Canadian fish harvesters at risk.

In 2021, DFO introduced amendments to the *Atlantic Fishery Regulations, 1985*, and the *Maritime Provinces Fishery Regulations* in 2021, commonly referred to as the "Inshore Regulations". These amendments enshrined elements of key DFO policies (Owner-Operator, Fleet Separation, and the Preserving the Independence of the Inshore Fleet in Canada's Atlantic Fisheries - PIIFCAF) into regulations. The aim of these policies is to promote viable and profitable operations for the average fishing enterprise by keeping licences and their associated benefits in the hands of independent, small vessel owner-operators. Over time, inshore harvesters, fleets, and industry associations have expressed concerns that a licence holder's ability to make independent decisions in their own best interest is being compromised by the proliferation of agreements and arrangements between licence holders and third parties.

Vessels are a significant capital investment and a critical component of participating in the inshore sector as an owner-operator. Owner-operator is a central mechanism through which DFO pursues its inshore licensing objectives. DFO's review of vessel-related policies for consistency and effectiveness is part of a broader DFO policy review resulting from the implementation of the Inshore Regulations and also builds on recommendations from the 2018 House of Commons Standing Committee on Fisheries and Oceans' final report, entitled "Atlantic Canada's Marine Commercial Vessel Length and Licensing Policies—Working towards Equitable Policies for Fishers in All of Atlantic Canada." The purpose of the policy review is to identify gaps and areas for alignment within the regulatory and policy suite to ensure the effective management and prosecution of the inshore fisheries.

In June 2022, then-Minister of Fisheries, Oceans and the Canadian Coast Guard, Joyce Murray, announced that "DFO would increase existing vessel length limits for Newfoundland and Labrador's inshore fishing boats to provide more consistency in all Atlantic Canada regions. Specifically, the existing vessel length requirement for inshore sub-fleets, currently restricted to the less than 40' length in overall measurement, will be increased to less than 50'. In addition, Fisheries and Oceans Canada will launch engagements this fall with stakeholders, including licence holders, First Nations, industry associations and other government Departments across Atlantic Canada and Quebec, to gather feedback on DFO's inshore vessel policies, including all registration rules currently in place across Atlantic Canada and Quebec."

Safety At sea

Commercial fishing is recognized as one of the most dangerous occupations in the world. As a sector with approximately 45,000 fish harvesters in Canada, the fishing industry continues to have one of the highest fatality rates in Canada.

Despite significant advances in safety, the fishing industry still deals with the complex relationships and interdependencies that exist between fishing safety issues. Commercial fishing safety has been on the TSB watchlist since 2010 and on several occasions the TSB has publicly stated its opinion that progress toward a stronger safety culture in the fishing industry has been slow and sporadic.

Marine safety and the safety of fish harvesters are priorities for DFO. However, in recognizing that safety at sea is a shared responsibility, DFO and the Canadian Coast Guard (CCG) collaborate with partners including Transport Canada (TC) and the Transportation Safety Board (TSB), and various other stakeholders, on the steps required to ensure safe, sustainable and prosperous fisheries, and to build a strong safety culture.

DFO is responsible for safety at sea in areas of fisheries management regulations, policies, plans and processes, in accordance with the *Fisheries Act* and associated regulations.

TC is responsible, under the *Canada Shipping Act, 2001*, for regulations and enforcement related to the safety of all vessels and marine personnel. TC's priority is to help reduce deaths and injuries as well as loss or damage to commercial fishing vessels.

Methodology

To gather comparable results, all participants through the in-person engagement sessions and the online questionnaire were presented with the same background material and engagement questions (a full list of engagement questions can be found in Annex II).

While questions were presented in a sequential order, participants were not required to answer each question in turn; rather, participants could respond in the order of their choosing. This was intended to provide the most amount of flexibility for harvesters so they could inform DFO on the issues they felt were most important.

All comments were given the same weight regardless of their source; however, most comments were collected through the questionnaire and, therefore, represent the majority of viewpoints included in the report. Feedback collected through all methods was then analyzed and classified by overarching themes and key areas of focus.

The decision to format this report according to high-level themes rather than by specific presentation reflects participants discussions during presentations, who viewed issues interrelatedly to one another. For example, concerns raised about enforcement, administrative burdens, and licence access were not specific topics limited to vessel length, but included vessel registration intervals, substitute operator rules, and the parameters of vessel sharing arrangements. As such, the high-level themes allow the report to capture the key opinions and common threads that emerged from all presentations and discussions. This approach allows for a more comprehensive understanding of the interconnectedness of the issues and helps to identify broader policy recommendations or areas for improvement that apply across multiple facets of the subject matters discussed.

Engagement topics

Owner-Operator overview

Over the last 40 years, DFO has developed a suite of policies that apply to the inshore and coastal fisheries in Atlantic Canada and Quebec, which are designed to promote viable and profitable operations for the average fishing enterprise by keeping licences and their associated benefits in the hands of independent, small vessel owner-operators.

The Owner-Operator Policy is the primary mechanism through which DFO pursues these objectives. However, inshore harvesters, fleets, and industry associations have expressed concerns that a licence holder's ability to make independent decisions in their own best interest is being compromised by the proliferation of agreements and arrangements between licence holders and third parties, such as fish processors and buyers or other fishing enterprise owners. In these agreements or arrangements, third parties, who are ineligible to hold inshore licences themselves (as per DFO licensing regulations and policies), gain access to the fisheries resource and assert control over the fishing activities and/or the proceeds from those activities. This undermines the exercise of the Minister's discretion to issue licences in a manner that achieves desired social, economic, and cultural objectives.

The Owner-Operator regulated criteria has two primary objectives:

- Restricts the issuance of licences to eligible individuals, their estate, their wholly owned companies, or to organizations that have been issued an allocation of fish to catch; and
- Requires that licence holders or operators named in the licence personally carry out the activities authorized under the licence.

Vessel registration

The *Fishery (General) Regulations* (FGR) require that all vessel operators register their vessels with DFO.

Upon registration, the vessel is assigned a Vessel Registration Number (VRN), identifying it as a commercial fishing vessel. A VRN allows DFO to connect specific vessels to authorized fishing activities, as well as to ensure that only approved vessels are prosecuting fisheries under a DFO licence. A licence holder must request that a licence be attached to a registered vessel in order to use that vessel to fish under the authority of that licence. A licence must remain attached to a vessel for a set amount of time prior to being able to be registered by another fisher. A vessel may only be registered in the name of one licence holder at a given time.

Within the inshore commercial fishery, concerns have been expressed that the existing suite of rules related to vessels, in particular vessel registration, may be causing opportunities for third parties to gain access to, and control over, the fishing activity, which would be in violation of the Inshore Regulations.

Vessel sharing arrangements

As Owner-Operator is the foundational component of the inshore regime, licence holders are required to personally fish the licence issued to them. Over time, DFO has authorized several options for licence holders who may wish to partner with another licence holder to conduct the activities conferred under the fishing licence, known as “buddy-up” or “partnerships”. Such arrangements allow for licence holders to share both the risk and rewards of operating a fishing enterprise.

Concerns have been expressed that the existing vessel sharing arrangements may be causing opportunities for third parties to gain access to, and control over, the resource to which they are not otherwise entitled.

Substitute Operator

Under the Owner-Operator regime, the name of the person who is authorized to carry out the fishing activities under the licence forms an integral part of the fishing licence. The FGR allow for a licence holder to request a substitute operator to carry out the activities under the licence when they cannot fish due to “circumstances beyond their control”. All requests must be authorized by DFO, as per FGR subsection 23(2), which states, “where the holder of a licence or the operator named in a licence is unable to engage in the activity authorized by the licence or use the vessel specified in the licence because of circumstances beyond the control of the holder or operator, a fishery officer who is employed by DFO or any employee of DFO engaged in the issuance of licences may, on the request of the holder or the holder’s agent, authorize in writing:

- (a) another person to carry out the activity under the licence; or
- (b) the use of another vessel under the licence.”

Substitute operator is, therefore, an important exception to the Owner-Operator regime to support harvesters for limited periods of time throughout their career. Each region has developed its own particular Substitute Operator Policy, with a diverse set of allowances and allotments. Substitute Operator continues to be identified as one mechanism by which non-eligible third parties are able to gain access to the fishery resource, and a vehicle for potential regulatory non-compliance.

Vessels remaining in fleets that are less than 50’

Vessel length policies were historically intended to establish and maintain a level playing field for fishing operations by limiting circumstances where one licence holder would have a competitive advantage over another. Increasingly, their purpose has been to support species-specific management by clarifying which vessels may fish for a particular species within a geographic area in order to support a fair and equitable management approach.

Previous rationales underlying the need for different vessel lengths reflect broader fisheries management objectives, such as conservation or fleet rationalization. Concerns have been raised that inconsistencies between DFO's federal administrative areas have contributed, at least in part, to activities that risk fish harvester safety. In some instances, harvesters may seek to modify an existing vessel to comply with particular vessel length restrictions in that area, which has led to a renewed review of the inshore vessel length policies with a particular focus on improving safety at sea.

Although increasing vessel length to a less than 50' threshold does not in itself make the vessel safer, a perception exists that an increase in some context is desirable, leading some groups to associate LOA with better outcomes and contributed to a desire to see such increases.

Transport Canada

Transport Canada (TC) is mandated to maintain and enhance marine safety and work to protect life, health, property and the marine environment. TC is responsible for the development and enforcement of national legislative, regulatory, and policy mechanisms particularly around safety, stability, operation, crewing and emergency equipment. TC is also responsible for enforcing Canada's commitments and ensuring conformity to international standards.

In 2006, DFO and TC established a framework for cooperation regarding promoting the safety at sea of commercial fish harvesters. The objective of the Memorandum of Understanding (MOU) is to cooperate in the development of safety goals, the exchange of information and the promotion of a safety culture among commercial fish harvesters. To make progress on the MOU, DFO and TC have developed an action plan covering various elements aimed at strengthening safety at sea, including regulatory and policy review. The efforts being undertaken as part of the vessel-related policy review also support the joint efforts between DFO, the Canadian Coast Guard, TC, and the TSB.

In 2015, a three-phased approach was introduced to improve fishing vessel safety through updates to the *Small and Large Fishing Vessel Inspection Regulations*, replacing them with the new *Fishing Vessel Safety Regulations* (FVSR). Phase 1 of this regulatory project came into effect in 2017 and provided new requirements regarding safety equipment and stability. The new regulations apply to Canadian fishing vessels that are less than twenty-four point four meters (24.4m) in length and no more than 150 gross tonnage (GT). TC has developed guidelines providing further clarification regarding adequate stability and major modifications in support of the FVSR in collaboration with the Canadian Independent Fish Harvesters Federation. Additionally, to improve compliance and overall safety, TC launched in 2019 the Small Vessel Compliance Program (SVCP-F) for fishing vessels that are not more than 15 GT.

What we heard – key themes

This report consolidates a range of comments received across five themes:

- 1) Applications of laws, regulations, and policies
- 2) Administrative complexity
- 3) Enterprise Management
- 4) Accessibility to enterprises and licences
- 5) Safety, infrastructure, and training.

The feedback provided represents a spectrum of stakeholder views and provides insights into prevailing issues, overarching concerns in the current business environment, and prospective improvements.

Application of laws, regulations, and policies

The main issues raised by stakeholders related to DFO's application of laws, regulations, and policies centered around enforcement, fleet separation, and the leasing of quota². In addition, stakeholders stressed the fishery sector's importance for their local community and raised concerns about abuse and the need to be stricter for those who violate rules and regulations, while others encouraged DFO to maintain the status quo.

Stakeholders expressed support for the 2021 amendments to the *Atlantic Fishery Regulations, 1985 (AFR)* and the *Maritime Provinces Fishery Regulations (MPFR)*, which enshrined key elements of the Owner-Operator and Fleet Separation policies. Ensuring that the resource and revenues from it remain in the hands of independent owner-operators was highlighted as important for the sustainability of the fishery and many coastal communities. Respondents from small rural and coastal communities reiterated that the fishery is often the only source of employment and that the revenues from fishing are felt by the entire community, through local shops, restaurants, and service providers.

While the Inshore Regulations were seen as net-positive for protecting and preserving the inshore fisheries, most respondents suggested that DFO is not doing enough to enforce them. While DFO is perceived to have the appropriate tools and mechanisms to achieve the policy objectives, inshore stakeholders noted that DFO should focus more on enforcement of the rules for individuals or companies acting outside of what is permitted.

² Licence leasing is not authorized by DFO, however, stakeholders use the term "licence leasing" interchangeably when speaking about the transferring of quota from one harvester to another. The appropriate term used by DFO for this kind of transfer is "quota transfers". For accuracy we have opted to use the term "quota leasing" rather than "licence leasing" as this was closer to the terminology of harvesters.

Most respondents believed that there are too many loopholes within the existing regime, and that the independence of owner-operators is susceptible to interference from individuals or corporations who can work with lawyers and accountants to create loopholes within the existing legislative, regulatory, and policy requirements. Many harvesters expressed that there are two sets of rules for inshore participants: those who can afford to exploit loopholes and those who cannot. The two main areas that participants identified as being most open to abuse were the Substitute Operator Policy and the leasing of quota.

“It’s the lack or perceived lack of enforcement of the Inshore Regulations. It’s not an issue with the policies but about enforcement.”

While corporations have historically been restricted from the inshore through the Fleet Separation Policy, which was designed to separate the interests of the harvesting sector from the processing sector and to prevent the consolidation of fishing licences with processors, almost all engagement participants noted that companies continue to exist in the inshore. In 2011, the Issuing Licences to Companies policy came into effect, which did provide for wholly owned companies³ to be issued licences, reducing the clear division sought by the Fleet Separation policy. Some participants noted that such companies are using creative corporate structures and accounting to obscure their involvement, particularly through exploiting substitute operator provisions, whereby a substitute operator is used as an intermediary for a company’s operations.

Through substitute operators and quota leasing, non-eligible individuals are believed to gain access to a particular area or fishery. As fishery access is limited to only eligible individuals, leasing was viewed as potential mechanism being used to circumvent specific requirements, such as residency or policy based restrictions on holding more than one licence per species.

In other instances, quota leasing was perceived as being a useful tool to get around owner-operator requirements to personally carry out the activities conferred under the licence. At the same time, other harvesters noted that maintaining existing leasing opportunities is vital for their businesses operations and supports the entry of new entrants, specifically, the increasing price of licences may lead new entrants to seek opportunities to obtain necessary training and sea time to meet eligibility criteria.

To support DFO’s management efforts, and/or find solutions to address stakeholder concerns, the most common suggestion from stakeholders is to “follow the money”. With the coming into force of the Inshore Regulations, stakeholders encouraged DFO to enhance its oversight and

“Follow the money”

³ Wholly owned company means a private company under the laws applicable in Canada, for which all shares are issued to and controlled by one individual (the sole shareholder) identified as an Independent Core licence holder by Fisheries and Oceans Canada.

investigative capacity of industry transactions, particularly around licence reissuance or year over year earnings related to each enterprise's fishing efforts.

Many stakeholders across all sessions suggested that DFO should expand its forensic auditing capabilities. As the Inshore Regulations provide twelve months for a licence holder to come into administrative compliance, there were concerns raised that this approach continues to allow some individuals to be "paper compliant"⁴ only, without substantial changes to their underlying

Forensic auditing is specialized accounting to help in criminal investigations with a financial component, such as fraud, money laundering or terrorist financing.

corporate structures. Stakeholders suggested that only by understanding the flow of funds between corporate entities can DFO effectively enforce the regulations. As such, this remains one area recommended by stakeholders for increased scrutiny.

Respondents also provided a series of suggestions to help improve DFO's enforcement efforts, which

include:

1. Creating mechanisms for local communities to register concerns over compliance with the Inshore Regulations to assist DFO in ensuring licenses are being operated according to the regulations while also informing the local community of their findings;
2. Developing boards of fishers to help review cases of legislative, regulatory or policy non-compliance so that rules and consequences support Departmental objectives while not spilling over onto others who are already in compliance; and
3. Tracking and reporting on the frequency of substitute operator, vessel leasing, and vessel transfers, with a particular focus on patterns of substitution which occur year over year.

Administrative complexity

Engagement participants highlighted that the current administrative complexity of DFO's regulatory and licensing regime can be challenging to navigate, which can make it difficult to understand what rules apply to them, when, and how. The most common issues raised by stakeholders regarding administrative complexity are related to DFO's bureaucratic processes⁵, such as the time it takes to approve requests, differences in interregional rules and their application, and the need for fairness and accommodations.

Participants noted that DFO's regulatory and policy licensing regime for the inshore, including the rules guiding participant behaviour, is complex. While the regime varies from region to region to reflect each region's historical development and particular responses to stakeholder needs, the diverse yet interconnected requirements within DFO and across different

⁴ This describes actions taken to mislead authorities about regulatory compliance, where official documents do not reflect verbal agreements or arrangements.

⁵ Bureaucratic processes are understood in this context as about the processes, rules, and regulations guiding participant behaviour, including but not limited to, licensing rules, vessel rules, and service standards.

Government of Canada departments were considered burdensome. According to engagement participants, the existing rules limit their ability to run their operations as they desire and often result in increased costs to their enterprise. Stakeholders noted that any administrative delays can have impacts on their overall operations.

Another concern noted by participants under this theme was that while DFO updates its rules and regulations to respond to various issues and events within the fishery, many changes are seen as being undertaken without sufficient time for harvesters to understand, adapt to, and apply the changes. As such, there can be delays between a rule coming into force and it then being applied and followed by harvesters, which were said to result in harvesters operating out of compliance with the rules and regulations, thereby increasing overall stress.

In each engagement session, participants highlighted their desire for better communication from the DFO on all fronts, but specifically in relation to upcoming changes. The closure of local licensing offices was viewed by many participants as having made it more difficult to be informed of changes as it reduced the sources from which they can acquire more timely and relevant information and/or ask questions. Moreover, the shift to, and reliance on, the National Online Licensing System (NOLS), which created a 24/7 licensing window accessible by harvesters at any time, was considered an improvement; however, since NOLS requests are only actioned during business hours, participants felt that the online portal's effectiveness was limited.

Across all sessions, participants highlighted their desire to participate directly in policy and regulation-making processes on a regional level, where regional or fishery-specific concerns are taken into consideration. The uniform national application of certain regulations was criticized as not accounting for the regional particularities. At the same time, different regional policies were seen to be, at least in part, contributing to confusion as to which specific rules are applicable in areas where DFO regions overlap and why the differences exist. For example, harvesters from different regions reported that there are instances where they are all fishing in the same fishing zone but under different sets of rules. However, views from participants were diverse and spanned both sides of this issue, with some harvesters wanting one set of rules regardless of fishery or area, while others suggested they would be better suited by a diverse set of region-specific policies, similar to what exists now, but more granular to the fishery or area level. On both sides of this issue there was broad consensus for harvesters to be more involved and better informed of potential changes that affect them directly.

To address the issues highlighted under administrative complexity, participants suggested:

1. Increasing communication from the DFO to improve the transparency of rules and decision making processes;
2. Identifying improvements to administrative processes so as to ensure decisions are provided in a timely manner without delays to fishing activity;

3. Developing more harvester-focused information sources with all necessary information in one place; and
4. Increasing the participation of fishery stakeholders directly in the policy and regulatory development process.

Enterprise management

Under enterprise management, revisions to the Substitute Operator Policy were the most important topic of concern raised by stakeholders, followed by issues with vessel sharing through partnerships and buddy up arrangements, as well as vessel leasing.

Participants named several things they would like to see changed within the policy suite to support their ability to run their operations. One thing that remained consistent throughout all engagements was the importance of the Substitute Operator Policy to inshore harvesters. Participants in each region expressed a desire for DFO to be more flexible with family enterprises, encouraging DFO to allow family members to be co-operators as opposed to substitute operators, and revising the strict application of the five-year lifetime limit for families. Long term fishery participants were particularly vocal about ensuring that the businesses they have built over the years continue to succeed given the difficulties in recruiting and retaining the younger generation of owner-operators, from both family and crew. Some stakeholders suggested DFO could achieve its objectives by permitting shared ownership models, including through holding licences held in trust specifically for families, however, others suggested it be extended to all enterprises.

Beyond requesting enhanced substitute operator flexibility for families, the five-year limit for using a medical substitute operator (MSO) was a contentious issue across all sessions with participants having mixed views. Stakeholder suggestions included removing it completely, introducing a method to reaccumulate years after a certain timeframe, or creating different tiers for substitute operator use, specifically related to short term and long-term needs.

Other participants suggested that DFO should not limit who may be a substitute operator if they hold the same licence. Since harvesters opt to use substitute operators, primarily due to extenuating circumstances⁶, some expressed that there should be less limitations when acquiring a substitute, such as being allowed to hire an operator from any region, or within their crew or family. These harvesters argued that this would allow them to keep their operations going without any loss of wages to their enterprise, including necessary income for crew members. There was also broad support for the inclusion of a category for pregnancy and parental leave to support women, new entrants and/or young families entering the fishery sector across all regions.

⁶ Extenuating circumstances are unusual or extraordinary events considered outside of the licence holder's control, and are the reason that prevented, or will prevent, the licence holder from adhering to the policy as written.

The next most common issues raised by stakeholders under the enterprise management theme were related to vessel sharing and vessel and quota leasing. Stakeholders expressed support for sharing vessels amongst family members or even other harvesters as a means of reducing expenses and increasing productivity. Some mentioned the high cost associated with acquiring and maintaining vessels, which can be a deterrent to new entrants. Affordability was noted as a major consideration for many enterprises currently using vessel sharing to support an independent harvesters' ability to remain economically viable. As the cost of ownership rises, stakeholders noted that these accommodations will become more of a necessity.

Views on vessel leasing were mixed. While there was general support for the maintenance of regional norms, harvesters in areas that permit vessel leasing and registration continue to support this practice, in other areas where it is not permitted vessel ownership was viewed as more integral to owner-operator, and some harvesters noted their desire for tighter controls on vessel transfers. Many participants also noted that they prefer the flexibility to lease a vessel during mechanical breakdown, while others expressed that vessel leasing was their only affordable option. For this latter group, the upfront and maintenance costs to operate a vessel were seen as barriers to their economic viability and so the option to lease a vessel was considered as essential to support their full participation in the fishery.

Those participants who felt strongly that vessel leasing should not be allowed in any instance beyond mechanical breakdown, noted the potential for leasing to be exploited by third parties, such as processors, thereby undermining owner-operator. Other reasons cited for not allowing leasing or sharing included allowing time for fish stocks to recover and creating employment by having more crews working. There were also requests throughout the sessions to better facilitate the transfer of vessels between regions.

Participants expressed strong support for partnerships and buddy up policy allowances, which authorize up to two licence holders to partner up to share a vessel. Vessel sharing arrangements can provide harvesters with increased flexibility when fishing their licence portfolio, reduce capital costs associated with owning their own vessel, and provide options to address labour shortages and difficulty securing crew members.

Many stakeholders emphasized that entering into these types of partnership models provided them much needed flexibility in their operations and allowed them to maximize their economic gains by sharing costs and/or scarce resources. Many harvesters would like to see DFO take the program a step further by expanding the partnership options to include more participants; increasing the allowable gear from 150 per cent to 200 per cent; and increasing the fisheries in which these arrangements can be used, to help reduce expenses and increase economic viability, especially in areas with lower catch rates and higher costs. According to these harvesters, such arrangements can also promote more environmentally friendly practices, as there will be fewer vessels on the water.

Harvesters also highlighted the need to accommodate family enterprises in these types of partnership models, as family members would like to be able to continue to partner up on a vessel rather than have to repeatedly change vessel registrations for specific fisheries. Many also mentioned how these types of arrangements help them in emergency situations, particularly during unforeseen circumstances, where they can use a family member's vessel immediately rather than going through the process of acquiring a vessel from a non-family member. Partnerships were also seen as being vital to harvesters' ability to secure loans from registered lenders, thereby allowing them to maintain their independence from third parties.

Stakeholders across all sessions also noted:

1. There should be more flexibility under Owner-operator to improve the autonomy of owner-operators, such as improving licence combining, vessel sharing, partnerships and MSO requests.
2. The five-year career maximum for MSO should be re-evaluated to either be for indefinite use or be more lenient overall, including reaccumulating used years.
3. The calculation of one-year towards the MSO category should not differ across regions, and as such more transparency on how one-year is calculated is needed to ensure the fair treatment of all harvesters.
4. Vacation time should be permitted in some fisheries based on amount of time on water, such as in 12-month fisheries.
5. Vessel sharing due to repair issues needs to happen efficiently to mitigate delays during vessel breakdowns and emergencies, such as improved mechanisms to secure replacement vessels, especially fisheries with short seasons.

Accessibility to enterprises and licences

Under the theme of accessibility to enterprises and licences, stakeholders expressed concerns around barriers to entry and the challenges harvesters face in becoming eligible to obtain a fishing enterprise. Additional views focused on economic, resource and environmental impacts, as well as suggestions to support diversity and inclusion.

Engagement participants highlighted that there are many challenges faced by new entrants in the fishing industry. Many noted the need for DFO to improve access to fisheries resources for young harvesters, and stakeholders cited how the rules discourage new entrants and make it difficult to enter the sector. There was a consensus that access to capital and the high cost of private market transactions that accompany being recommended as a replacement licence holder, make it difficult for young people to join the fishery sector. Overall, comments highlight a desire to make it easier for young individuals to enter the fishing industry.

Participants highlighted the importance of having access to capital that is not tied to third parties or processors. There was strong support for the implementation of programs that reduce harvesters' dependence on third parties to limit the potential for control and influence, such as government backed loan programs. Stakeholders felt that prices are being driven up by

third parties (in particular processors), whose preferential access to capital increases prices and makes it difficult for average harvesters to compete in the licence market.

Another barrier to supporting new entrants that was raised across all sessions was the limited circumstances under which a substitute operator may be authorized. Many harvesters noted that they are currently using, or have historically used, substitute operators as a mechanism to allow family or crew members to obtain the necessary sea time, and to get a sense of the responsibilities required for owning and operating an inshore enterprise. Using the policy in this manner, although not part of its design, was considered integral for many enterprises, at least in part, given the challenges related to intergenerational transfers of enterprises and licences to both family and crew.

Many highlighted concerns regarding the current limitations and difficulties in passing down licences to family members, citing tax implications and the five-year career maximum timeframe for MSO as barriers. Participants expressed a desire for policies that promote family-owned fishing enterprises in order to keep them in their communities, with suggestions to allow for flexible mechanisms, such as mentorship programs and family trusts, to help facilitate the transition to the next generation of inshore harvesters.

Stakeholders shared mixed views regarding being limited to one licence per species and residency requirements. Some participants expressed frustration with not being permitted to grow their fishing enterprises by harvesting more than one species, particularly when they are in different areas. It was suggested that revising this restriction would allow for enterprise growth and for harvesters to be employed for longer durations (i.e., full time).

Some concerns were raised about the limitations in the number of traps when participating in a sharing or stacking-type arrangement, and called for increases to the existing limits. Other participants expressed concern regarding harvesters who may be accumulating multiple licences of the same species. Specifically, these stakeholders believed that such concentration of licences makes it more costly for young fishers to enter the sector and called for measures to ensure more access opportunities for new entrants.

Lastly, the enforcement of residency requirements and the years of experience required in order to be able to acquire licences was seen as a hindrance to harvesters. Some fishing areas have residency criteria with the intention that those licenses stay within the community, however, there were mixed opinions on this objective. Some of the main concerns on residency requirements focused on how the restrictions, such as the amount of time a person must reside in an area prior to being issued a licence, can make it difficult to plan enterprise transfers and act as a barrier for individuals not currently residing in an administrative area but seeking to invest in the fisheries sector. Alternatively, many participants felt such restrictions are imperative to prevent non-residents from buying licenses and depleting local resources.

Key stakeholder recommendations for accessibility to enterprises and licences include:

1. Having fewer restrictions for new entrants;
2. Increasing capital access to level the playing field through additional government supports that facilitate entry of new harvesters;
3. Providing affordable loans with flexible payment structures;
4. Introducing some flexibility to the restriction of holding more than one-licence per species; and
5. Ensuring residency requirements reduce, rather than amplify, existing challenges in recruiting and retaining new owner-operators.

Safety, infrastructure, and training

In this section, the most common stakeholder concerns were related to safety and small craft harbours, however, participants also raised concerns about training and education opportunities. In addition, participations expressed views on the separate DFO and TC mandates and the need for more coordination, as well as the need for mandatory inspections.

Some respondents advocated for the complete removal of vessel length subfleet maximums citing safety, with harvesters from fisheries that use a quota-based system being particularly vocal about how an increase in size would not cause further pressure on the stock. Those operating in competitive fisheries agreed with the need to maintain a level playing field with regards to vessel size, except where operational requirements necessitate going further from shore in order to reach fishing grounds, or for those areas susceptible to rougher weather or seafaring conditions. In these circumstances participants suggested that greater LOA flexibility should be permitted for safety reasons.

In regard to small craft harbours, harvester comments related to infrastructure limitations and harbour berthage. Many believe that increasing vessel lengths will amplify existing issues with the overcrowding of harbours and wharves and called for more government investment into infrastructure given increased competition for limited space. Participants from the Harbour Authority Advisory Committee across Atlantic Canada and Quebec, who provide advice to Small Craft Harbours on matters of national interest, expressed similar concerns that harbour authorities currently do not have the capacity or resources to respond to an influx of vessels, or in some cases, even the demands of existing harbour users.

Regarding training and education, stakeholders expressed a desire for young harvesters to be given the opportunity to fish under another licence as substitute operators through some sort of learn-on-the-job mentorship or apprenticeship program. Older harvesters see this as a win-win scenario allowing for options that support new entrants or family members getting started in the industry. While most participants agree with having some formal training, there are

several participants concerned with the existing criteria for obtaining certifications⁷ and sea time, particularly the amount of time it takes to obtain them.

Stakeholders also highlighted that the different length and tonnage restrictions between DFO and TC are unclear and could be increasing safety risks. Many argued that the different restrictions posed by DFO and TC encourage the construction of wide vessels in order to circumvent length rules, which could be putting crew members at risk. Many also pointed out challenges with trying to understand the discrepancies between DFO's and TC's definitions of length, and as such are requesting better alignment between DFO and TC vessel length regimes.

There was general agreement on the necessity of inspections, however, while some participants worried about the costs that may be incurred, others advocated for inspections anytime modifications are made. Some participants believed that evaluating a boat's safety and adherence to tonnage regulations either anytime modifications are made or on a semi-regular basis (such as annually, as is required for other types of motor vehicles) would be appropriate.

Key stakeholder recommendations for safety, infrastructure, and training include:

1. Allow harvesters to use vessels of the size of their choosing in order to promote safety;
2. Ensure vessel length increases are permitted only after discussion with harbour and port authorities to mitigate unforeseen consequences;
3. Increase the resources and capacity of small craft harbour advisory bodies;
4. Improve training opportunities through a mentorship-type learning program;
5. Increase harmonization of vessel length measurements between DFO and TC, including the units of measure; and
6. Require mandatory inspections for all vessels, and specifically after any sort of modification.

⁷ Provincial certification boards provide commercial fish harvesters (licence holders and crew) with a form of trade certification in recognition of having achieved professional standards related to training and experience. Boards are industry-run institutions that are established through provincial legislation in Newfoundland and Labrador, Nova Scotia, and Quebec, and facilitate training on marine safety, conservation, and sustainable resource use. They also have the authority to register harvesters, collect fees, and set criteria to issue certification.

What we heard – regional feedback summaries

(Substitute Operator)

In all engagement sessions, participants were presented with a proposal to modernize the Substitute Operator Policy making it consistent across all regions. The modernization proposal maintained the existing medical and estate substitute operator allowances and introduced a 30-day discretionary category to be used on an as-needed basis, for up to 49 per cent of any fishery's season. In addition, DFO proposed adding a pregnancy and parental leave authorization under the MSO category which would not count towards the five-year career maximum.

Overall, harvester feedback was mixed on the proposal, with respondents generally preferring to maintain their regional authorizations and time allotments, which have been calibrated overtime to their particular circumstances, instead of one consistent regime. However, many participants also noted that substitute operator was being used in ways which are not authorized by DFO, such as for apprenticeships, mentoring, and other circumstances within a harvester's control.

Across all sessions and the online survey there was general consensus that introducing a category for pregnancy and parental leave was desirable and that doing so could help increase the participation of women and harvesters with young families. There was also general support to include it within the MSO category but not to count towards the five-year career maximum.

Gulf region stakeholders generally approved of the modernization proposal and offered the following suggestions for its improvement:

1. Seek ways to limit the potential abuse of the 30-day discretionary category where some harvesters may use a substitute operator for half their fishery year over year;
2. Create a process that allows harvesters to reclaim some of their used years for MSO (of the five-year career limit) after a certain amount of time, or provide different allowances for long-term versus short-term MSO; and
3. Provide exceptions for family members to act as a substitute operator, specifically when additional time or training is required to obtain their eligibility requirements.

Maritimes region stakeholders also generally approved of the modernization proposal and offered the following suggestions for its improvement:

1. Permit vacation days under the 30-day discretionary category but remove the requirement they be taken in three-day increments;
2. Restrict the frequency at which someone (other than family) may act as a substitute operator, particularly when acting as a substitute operator year over year for the same enterprise;
3. Prohibit the use of substitute operators and vessel leasing at the same time;

4. Ensure the 30-day discretionary category does not allow some harvesters to never fish particular licences; and
5. Consider providing exceptions for family members or crew to act as a substitute operator.

Newfoundland and Labrador region stakeholders had less consensus on the proposal than the other regions, with particular concerns raised around the use of the 120-casual days. While some sought to replace the 30-day discretionary category with 120-casual days, as is currently authorized in the region, or provide for more days beyond the 120-casual days, many others noted that 120-casual days undermine owner-operator by allowing some harvesters to never step foot on the vessel. NL participants were also divided on the current eligibility requirements to act as a substitute operator with some claiming they are too restrictive and act as a barrier for those looking to enter the fishery, while others suggested they are necessary to ensure that only professional harvesters are operating NL enterprises.

NL region participants offered the following suggestions for the modernization proposal's improvement:

1. Provide exceptions for family members or crew to act as a substitute operator to support transition planning;
2. Create a process that allows harvesters to reclaim some of their used years for MSO (of the five-year career limit) after a certain amount of time;
3. Improve the tracking and reporting of substitute operator use over time by linking the Fisher's Identification Number to their NOLS account; and
4. Clarify how the MSO and 30-day discretionary categories may be used in tandem, or not.

Quebec region participants were generally supportive of the modernization proposal and offered the following suggestions for its improvement:

1. Adjust the 30-day discretionary category to reflect sea time (days spent on the water) rather than calendar days, particularly in quota based fisheries;
2. Ensure there is flexibility within the regime for different situations, such as vacation or in emergency situations when obtaining a doctor's note is not possible; and
3. Allow regions to specify particular substitute operator authorizations based on the local context rather than a one-size-fits-all solution.

Gulf region (vessel length for fleets remaining less than 50')

In the Gulf region, the following fisheries are restricted to using vessels that are less than 45': groundfish (competitive); lobster; herring; mackerel; rock crab; scallop; whelk; shark; squid; tuna; and Area 19 snow crab.

In light of then-Minister Joyce Murray's June 2022 announcement to increase the maximum length in Newfoundland and Labrador from less than 40' to less than 50', the question remains of whether the less than 45' Gulf fisheries should also increase to the a less than 50' maximum. The views of Gulf stakeholders participating through the online survey and in the engagement sessions fell into two main categories: increase to the new 50' maximum and do not increase to the new 50' maximum.

Most comments received by Gulf stakeholders indicating a desire to increase the less than 45' fisheries vessel length up to less than 50' were for safety reasons. The need to go further from shore to reach specific fishing areas and the risks caused by more frequent and intense weather patterns were the most cited safety concerns, and rationale to increase in vessel length maximums. Some participants expressed they should be able to use whatever length vessel feels safe to them. Particularly, some respondents suggested that the restriction should be permitted up to less than 65' inshore maximum vessel length. Participants did raise concerns that permitting some fisheries to increase the maximum length but not others could create an uneven playing field.

For those harvesters supporting status quo, the current less than 45' limit is considered to provide adequate safety and should remain unchanged. Other participants who supported the status quo suggested that allowing any increase would primarily benefit those with access to large amounts of capital and would disadvantage smaller enterprises. There was general consensus and concern with overcrowding in small craft harbours, and that any potential increases to length overall, if not appropriately planned, would produce negative outcomes in fisheries.

While there is some desire to increase to the less than 50' threshold by stakeholders, Gulf respondents expressed that:

1. Any final decision would be better evaluated after discussion with the broader group of stakeholders, including licence holders in each individual fishery and small craft harbour authorities;
2. Discussions with each fishery's advisory committee would yield better discussions to inform any future decisions on amendments to the vessel replacement rules for each individual fishery; and
3. An increase for certain fisheries might not necessarily work for other fisheries in other areas.

Maritimes region (vessel length for fleets remaining less than 50')

In 2021, the Maritimes region undertook a review of select vessel length restrictions to evaluate the possibility of increasing the maximum vessel length category to less than 50' in those fisheries. Through the review, it was decided that vessels restricted to less than 45' would increase to less than 50', all five-foot intervals would be increased to less than 50' in the upper bay scallop fishery, and all five-foot intervals in the mid-bay scallop fishery were converted to

either less than 35', 35'-50', or 50'-65'. The definition of LOA was then applied consistently across all fisheries in the Maritimes Region after this decision and applicable updates were made to the Maritimes Region Commercial Fisheries Licensing Policy.

In light of then-Minister Joyce Murray's June 2022 announcement to increase the maximum subfleet length in Newfoundland and Labrador from less than 40' to less than 50', in early 2023, DFO sought stakeholder feedback on the potential for less than 50' to be set as the most restrictive vessel category in Eastern Canada.

Currently, there are five vessel categories within fisheries in the Maritimes region that are less than less than 50'. Consequently, stakeholders were engaged as to whether the remaining fleets should now be permitted to increase LOA to less than 50' as part of an initiative to have less than 50' as the most restrictive vessel category in Eastern Canada. These are:

- less than 35' category within the mid bay scallop fishery (inshore sector);
- less than 35' category within the groundfish fixed gear less than 50' fishery (inshore sector);
- less than 25' mackerel handline only licences held by licence holders with no other licences;
- sculpin less than 40' (inshore exempted fleet); and
- the less than 43' category within the groundfish less than 65' mobile gear fishery (inshore exempted fleet).

The reasons why some fisheries were changed to a less than 50' maximum but not others remains unclear to many harvesters.

Many respondents expressed that allowing all vessels to increase up to less than 50' could help improve the overall safety of the fleet, while also allowing all harvesters to be under the same vessel length rules, thereby creating a more even playing field. Participants also expressed how the existing vessel length restrictions led some vessel owners to make their boats wider.

The largest opposition to changing the remaining Maritimes region subfleet lengths came from those who have participated in a fleet rationalization program (HBC) in the groundfish fixed gear less than 50' fishery, which includes a less than 35' vessel category, citing the potential loss of their investment and called on the government to maintain the status quo. Under this program, a licence holder who is restricted to less than 35' is only permitted to increase their vessel to less than 50' if they enter into a private market transaction with an existing licence holder to be issued a second groundfish less than 35' fixed gear licence. In this scenario, one licence is relinquished. This has been a long-standing practice in the region since March 2011 and is intended to reduce fishing effort and its impacts on the resource.

In opposition, some respondents expressed that new entrants who are attempting to get into the fishery can only access groundfish licences in the less than 35' category due to the high cost associated with private market transactions related to licences with a higher vessel length

eligibility. This group suggested that increasing to less than 50' for all groundfish fixed gear licences would better position new entrants to grow their enterprise by accumulating licences for different species, which could all be fished from the same vessel.

Regarding the mid-bay scallop fleet, stakeholders noted that the previous consultations exploring a vessel length increase in this fleet were hampered by the COVID-19 pandemic, and that the resulting changes to increase vessel length were not in line with what was agreed to at advisory committees prior to the pandemic. In response, Maritimes stakeholders requested that the Department revisit the decision for this fleet and that stakeholders be reengaged to identify a proper solution.

Another key concern raised by some harvesters is that an increase to less than 50' would impact harbours and wharves that are already at maximum capacity. Respondents suggested that a vessel length increase would exceed harbour capacity and result in more fishers competing for already limited space or result in new entrants acquiring enterprises but having to travel great distances from their residences to different harbours.

Regarding fleets that remain below the less than 50' vessel length eligibility maximum, Maritimes region harvesters provided the following suggestions:

1. Remove vessel length restrictions that are less than 65', at least for particular fisheries with quota or gear limits;
2. Introduce width restrictions to avoid harvesters circumventing vessel length requirements by building wider boats; and
3. Ensure that potential vessel length restriction increases to the remaining fleets do not undermine other fishery management programs, such as the groundfish fleet rationalization program, particularly in light of the investments made by harvesters who participated in these programs.

[Newfoundland and Labrador region \(vessel length for non-core and secondary vessels and vessel registration\)](#)

Non-core

In Newfoundland and Labrador, most respondents indicated their support for non-core harvesters to increase their vessel eligibility up to less than 50' to align with the new sub-fleet maximum for core harvesters. The primary reasons raised by respondents related to safety for all harvesters on the water and the compassionate treatment of non-core harvesters. A small subset of respondents suggested to maintain non-cores at their current restrictions as these licences were to be phased out over time. The Fish and Food Allied Workers Union (FFAW) remained silent on this issue and did not indicate support or opposition for increasing non-core vessel length.

Vessel registration - 12-month rule/30-day registration

On vessel registration, there was no clear consensus on how to proceed with the 12-month rule. While views were mixed between maintaining the existing application of the 12-month rule or adding flexibility, only a small number of fishers were open to a 30-day rule. The FFAW have indicated their support for an amendment that would change the 12-month rule to 11-months. This would be consistent to the Newfoundland and Labrador policy application pre-2016.

Respondents hoping to maintain the current 12-month rule were most concerned about potential exploitation by processors and other third parties, who they believe may use vessel registration to access fishery resources for which they are otherwise ineligible. In the engagement sessions, and through their formal submission, the FFAW expressed that moving to a 30-day registration would lead to the erosion of the Owner-operator policy and open the door to third party control of licences, with harvesters from other regions using relaxed vessel registration rules as a way to fish the licences of Newfoundland and Labrador harvesters through vessel leasing. In Newfoundland and Labrador many participants consider vessel ownership as necessary for being an owner-operator.

Another suggestion from some Newfoundland and Labrador participants was to consider including a 30-day grace period into the 12-month rule, as was the common practice up to 2016. Introducing a 30-day grace period to the 12-month rule was considered a fair compromise as licence holders would not be limited to a strict specific transfer day, possibly losing out on harvesting time and/or prime weather conditions due to date restrictions. The 30-day grace, therefore, is viewed as supporting the 12-month registration period, while providing flexibility in cases of need.

Respondents seeking to change the existing rule to a 30-day registration duration noted that the 12-month rule was too restrictive and hinders the successful operation of their business. They suggest that a 30-day registration would help their operations by allowing them to use their vessel on other licences throughout the year rather than continuing to have it linked once they have finished fishing on their own licences. Other respondents indicated that a 30-day vessel registration duration would also better support new entrants wishing to lease vessels to reduce upfront capital costs from owning a vessel.

Respondents also requested flexibility related to the calendar rule, which applies to the small vessel fleet with a vessel eligibility maximum 15.2m (49'11") for NAFO Divisions 2+3KLPs. Under the calendar rule, licence holders may not remove and/or register another vessel for the remainder of the calendar year if it has reported landings in the current year. Harvesters seeking flexibility requested the ability to change the registration earlier than at the end of the calendar year to more effectively operate their enterprise.

Finally, the majority of Newfoundland and Labrador respondents highlighted concerns about the differences between registrations in Newfoundland and Labrador region and the rest of

Atlantic Canada and Quebec regions. Harvesters expressed that it was unclear why there were different sets of rules, particularly in areas where fishers from many regions are able to fish (west coast of Newfoundland). Some harvesters requested that all rules be made the same across all Atlantic Canada and Quebec regions while others continue to stress the importance of policies in the Newfoundland and Labrador fisheries that are consistent with the owner-operator regime.

Vessel replacement policy – secondary vessels

Under the current licensing policy, Independent Core licence holders can replace their secondary vessel up to a maximum of 28'. However, with the policy change for inshore fishers to replace their 39'11" up to less than 50', some harvesters called for more flexibility for secondary vessels, expressing their interest in having a new subfleet maximum for secondary vessels up to 39'11". Such a shift is believed to support licence holders in fisheries, such as cod and tuna, to utilize a larger boat without having to use their 64'11" vessel.

Based on engagement feedback, Newfoundland and Labrador respondents supported an increase in secondary vessel length. During the meetings, the FFAW indicated that they would like to see secondary vessels remain an option given the geographic and topographic limitations of the region's coastline, where it is not suitable for larger vessels to operate. For example, the FFAW were of the view that a licence holder should be able to have a large crab vessel and a smaller vessel for lobster, capable of going into shallower water.

While feedback was mixed regarding vessel length for non-core and secondary vessels and vessel registration, Newfoundland and Labrador harvesters provided the following general suggestions:

1. Consider increasing the vessel length subfleet maximum for non-core harvesters to align with the new less than 50' maximum for core harvesters;
2. Consider increasing the vessel subfleet maximum for secondary vessels beyond the current 28' limit; and
3. Introduce flexibility to the current 12-month vessel registration rule either by reducing it to 30-days or introduce an 12-month registration with a 30-day grace period (11-month registration).

Transport Canada

During the engagement sessions participants noted their appreciation of having both Transport Canada and DFO officials in the same discussion, but also highlighted that understanding the difference between the two departments and their respective mandates can be confusing.

Respondents voiced concerns that accessing information via official TC and DFO channels can be burdensome, particularly for those harvesters who may not be proficient with computers or online platforms. The need for plain language information instead of technical, legal, and policy language was the most prominent concern followed by requests to keep all information that

harvesters are required to know, or at a minimum summary information, in one place rather than across multiple government department websites.

Participants called on both departments to improve the coordination of data collection and enforcement, particularly for vessel registration. While the two departments require vessel registration for different reasons, the reasons are not well understood; instead, having one registration process with enhanced information sharing between departments would be preferable.

Stakeholders expressed that the lack of standardization on vessel length measurements is leading to differing requirements and enforcement measures with different areas (and fishers in those areas) being subject to different rules and restrictions. Some harvesters noted that a vessel with the same hull length may be under the self-inspection regime in one area but not necessarily in a different area, depending on the surveyor. One participant, a naval architect, encouraged officials from both Departments to sit down with vessel architects, designers, and manufacturers to streamline the requirements to improve safety, while also mitigating the climate impacts of inefficient or poorly built vessels.

Regarding the ongoing coordination and collaboration between DFO and TC, harvesters provided the following suggestions:

1. Streamline the methods by which both departments measure vessel length, including the specific units of measure;
2. Align the vessel registration regime between departments to ensure all vessels are registered with both DFO and TC;
3. Improve information and education materials from both departments so harvesters are better informed of what rules apply to them; and
4. Ensure safety is not being compromised by circumvention of vessel length requirements by permitting the building of wider boats.

Association and stakeholder email submissions

Fish & Food Allied Workers' Union (FFAW):

The FFAW's suggestions were developed through its Inshore Council, which is a stakeholder group made up of representatives from a variety of geographic, fleet, and demographic sectors in the fishery. The key recommendations from the inshore council on behalf of the FFAW include:

1. Introduce a 30-day flex/grace period under the 12-month rule;
2. Do not introduce a 30-day registration period;
3. Permit the continued use of secondary vessels given the particular geography of NL fisheries and vessel leasing (due to mechanical, structural breakdown or loss);
4. Maintain the current NL Substitute operator regime, including the 120-casual days;
5. Ensure that if non-NL harvester wants to be NL substitute operator, they must meet all requirements for professional level 1 status;
6. Increase residency criteria to 3 years prior to obtaining an NL-based enterprise but maintain the current six-month residency criteria for area-specific licensing; and,
7. Extend the types of proof of residency to i) the province that your taxes were filed in the year prior; ii) address on a harvester's driver's license; and/or iii) permanent residence on the voter list with Elections NL.

Gulf of Nova Scotia Fisherman's Coalition

The Gulf of Nova Scotia Fisherman's Coalition noted substitute operator issues as their key concerns and made the following suggestions:

1. Calculate substitute operator use based on fishing trips, not season time so that fisheries with short seasons (Area 19 crab) do not allow some harvesters to never fish that licence without triggering a year of MSO towards the five-year career limit;
2. Remove residency requirements for substitute operators; and
3. Authorize a short-term substitute operator allowance for any reason (less than 5 days).

Maritimes region exempted inshore fleets

The email submission on behalf of the inshore exempted fleets provided the following insights and suggestions:

1. Vessel length changes for fleets that remain less than less than 50' are long overdue and will improve safety as larger vessels are needed given geography (fishing farther from shore) and species impacts (stock migration changes).
2. Changing the less than 43' mobile groundfish fleet to less than 50' or larger would have minimal impacts given quota restrictions;
3. If vessel registration is necessary in the Maritimes region, there should either be no set limit or a maximum of 30 days;

4. Ensure flexibility in short fisheries and seasons to increase profitability;
5. Apply vessel registration fairly and equally across all regions; and
6. Revise the existing policy suite to make it standardized and transparent.

Department of Agriculture, Aquaculture, and Fisheries – Government of New Brunswick (DAAF)

The DAAF provided input on vessel registration, vessel sharing, and substitute operator.

Vessel registration, vessel sharing, as well as substitute operator all work together to support the independence of owner-operators. A vessel registration duration of zero days in the Gulf allows flexibility in case of a mechanical breakdown, and as such no concerns were noted about the current vessel registration duration in the Gulf region. Also, multiple vessel registration durations across Atlantic Canada and Quebec are not of concern as well as they are understood to provide flexibility to accommodate regional specificities.

Overall, the DAAF offered the following suggestions to DFO:

1. For vessel sharing, harvesters should be allowed to fish up to 200% of traps in a partnership so as to reduce reliance on 3rd parties;
2. Standardize the Substitute Operator Policy;
3. Introduce a clean slate of 5 years of MSO for all harvesters when introducing the new policy;
4. Introduce pregnancy and parental leave within the Substitute Operator Policy;
5. Maintain residency requirements for substitute operators;
6. When using season length as a determination factor, use the five-year average; and
7. If length is increased to less than 50' implement a width limit in consideration of harbour space and carbon footprint of larger vessels.

Prince Edward Island Fishermen's Association (PEIFA)

The PEIFA provided feedback on vessel registration, vessel sharing, substitute operator, and vessel length.

Particularly, the PEIFA feedback and suggestions on the engagement materials includes:

1. The current vessel registration duration of zero days should be maintained in Gulf region.
2. For vessel sharing, the total maximum catch allowed under a partnership should be increased to 75% for the second partner, up from the current 50%, and the requirement for both harvesters to be on the vessel during fishing operations be maintained.
3. For substitute operator,
 - a. Pregnancy and parental leave should be included and not count towards the five year MSO career limit, as was proposed through the modernization proposal.

- b. For medical substitute operator, the PEIFA suggest that rather than a year being counted at 51 per cent of an average season, a year should be counted at the 75 per cent mark.
 - c. General support for the 30-day discretionary category but DFO is encouraged to continue engaging with the industry on this issue.
 - d. Introduce a standard amount of personal days under substitute operator across all regions.
 - e. Explore authorizing a substitute operator in areas where they hold the same licence if it is not that particular licence being fished through the substitute operator
4. For vessel length, the PEIFA does not support an increased due to limited harbour space in the region and the potential impacts of upcoming amendments to the *Marine Personnel Regulations* by TC, which include additional training and certification requirements when increasing from less than 14m to greater than 14m.

[Dr. Walker – Naval Architect – Memorial University](#)

DFO officials also met with Dr. Walker from Memorial University who has been seeking to collaborate with the Government of Canada to standardize length measurements and vessel construction requirements, in order to improve safety. Dr. Walker suggests that the existing regulatory regime of DFO and TC may be contributing to fishing fatalities. Specifically, harvesters are getting around length measurements by making vessels wider, impacting stability and safety.

Dr. Walker encouraged both DFO and TC to consider the following:

1. When making decisions for safety, focus on design, not just modifications.
2. Prohibit the sale and use of unsafe vessels;
3. Rethink vessel designs in collaboration with vessel builders and architects to reduce carbon footprint of the fishery; and
4. Set up a center for expertise on this topic at Memorial University, led by him and fellow colleagues.

Next steps

The engagements for vessel and related policies that support owner-operator provided DFO with important information and feedback directly from fishery participants regarding how they would like to maintain, improve, or revise the existing licensing regulatory and policy regime.

For the substitute operator modernization proposal, DFO will begin exploring potential options to address stakeholder suggestions, particularly around intergenerational transfers, the application of the five-year MSO career limit, and introducing pregnancy and parental leave into the regime.

For the regional questions that remain outstanding from the engagement sessions, the next steps are as follows:

In the Gulf region, DFO staff will use the fishery advisory committee process to continue to explore a potential increase for those fleets with a current maximum vessel eligibility of less than 45'.

In the Maritimes region, DFO staff are also exploring additional engagement opportunities to seek stakeholder views on the fleets that remain less than 50', likely through the advisory committee process for those particular fisheries. However, additional engagement outside of the advisory committee process to directly engage specific fleets may also be explored.

In the Newfoundland and Labrador region, DFO staff are exploring a potential increase in vessel length for non-core harvesters to the new less than 50' threshold available to core harvesters, however these licences will remain non-transferrable and continue to be cancelled upon the death of the licence holder. At the same time, the NL region will conduct further analysis on the option of increasing the maximum size of secondary vessels to a maximum threshold of less than 40'.

The NL region will also analyze and begin moving toward a modified application of the 12-month rule, applying it on a 11-month basis to provide some immediate added flexibility in vessel registrations in the region. However, further discussions during annual advisory meetings may continue to explore finding the right balance for all stakeholders.

All of the feedback received through engagement on vessels and related policies that support owner-operator to date will be used to support potential future policy options.

ANNEX I: Engagement activities

In total DFO held eight (8) in-person engagement sessions across Atlantic Canada and Quebec:

Moncton, NB	March 7, 2023
Deer Lake, NL	March 14, 2023
Gander, NL	March 23, 2023
Gaspé, QC (FR)	March 27, 2023
Gaspé, QC (EN)	March 28, 2023
Saint John, NB	March 28, 2023
Halifax, NS	April 4, 2023
St. John's, NL	May 16, 2023

DFO held several virtual engagement sessions with stakeholders, as requested:

April 4, 2023	PEI Fishers' Association
April 21, 2023	Members of Regional Harbour Authority Advisory Committees
April 27, 2023	Grand Manan Fishers Association and Fundy North Fishers Association
May 2, 2023	Labrador Fish Harvesters

Annex II: Engagement questions

This annex includes the questions that were provided to engagement participants at the in-person sessions and through the online questionnaire. While most questions were general in nature, a select few were added to garner specific regional feedback, and as such are indicated for that specific region only.

Owner Operator overview

1. In your community, what is important for supporting independent inshore fishers? Are there currently rules that DFO uses that makes it more difficult for fishers to be independent?
2. What roles do vessel registration and sharing, as well as substitute operators play in supporting or undermining Independent Owner-Operators?

Vessel registration

1. Do you have any concerns with the current DFO vessel registration duration in your region? If so, what are they?
2. Are different vessel registration durations across Atlantic Canada and Quebec of concern from your perspective?
3. Do vessel registration durations, in your view, have an effect on control and influence over a licence holder through an arrangement and/or agreement for vessel services (for example: leasing and renting vessels etc....)?
4. What other practices involving vessels are of concern from your perspective?
5. If DFO's vessel registration duration was changed, would you still need a secondary vessel? **(NL only)**

Vessel sharing arrangements

1. What concerns do you have, if any, about vessels and vessel-services provided through third parties (processors, brokers etc....) undermining Owner Operator?
2. What concerns do you have, if any, about Owner Operator policies, exceptions, or accommodations providing an opportunity for third party control?
3. What other concerns do you have, if any, about vessel sharing arrangements that support, or provide exceptions to, Owner-Operator?

Substitute operator

1. What are your views of DFO's Substitute Operator Policy, including the categories and time allotments?
2. What are your views on updating the Substitute Operator Policy:
 - a. to authorize pregnancy leave?
 - b. to authorize parental leave?
3. What are your views about the eligibility criteria to act as a Substitute Operator?
4. What is your level of support for the existing eligibility criteria in Newfoundland and Labrador Region? **(NL only)**

Vessel length for fleets remaining less than 50'

1. What are your thoughts on the current vessel length limits that remain less than 50'?
2. Are you interested in a change to the maximum vessel length limit for the fishery in which you participate? Why / Why not?
3. What concerns do you have, if any, about a potential increase to the existing vessel length limit which would allow for the use of longer vessels for the fishery in which you participate and the harbours you fish from?
4. Now that the vessel length barrier has changed to less than 50' for Core enterprises in the NL region, should there also be a change in the vessel length for non-Core enterprises? **(NL only)**
5. Does your enterprise still need to have the option of a Secondary vessel? **(NL only)**
6. Is there a need to review the vessel length requirements for Secondary vessels? **(NL only)**