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LAKE WINNIPEG COMMERCIAL FISHERY
QUOTA ENTITLEMENT SYSTEM

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INTRODUCTION

Lake Winnipeg is one of Manitoba's major commercial fisheries, averaging harvests of 5.8 million kgs annually of walleye, sauger, whitefish, northern pike, and perch. Commercial fisheries in Manitoba are struggling for economic viability. Because of economic, biological, and market constraints, increases in lake quota or subsidization programs for fishermen are not the solution. Fisheries Branch has worked with Lake Winnipeg commercial fishermen to develop a system of transferable quota entitlement (QE) which maintains the overall lake quota but allows flexibility in distribution of individual quotas among fishermen. Introduced in 1985, the transferable quota entitlement system on Lake Winnipeg was expected to result in a decrease in the total number of fishermen, and an increase in the average number of quota per fishermen. It was anticipated that gross incomes would increase, utilization of capital equipment would improve, unit harvesting costs would decline, and consequently fishermen's profits would increase. Thus the opportunity for economic sustainability would increase, but the lake quota would still be maintained to prevent overharvest.

This summer (1991), Manitoba Fisheries Branch conducted an evaluation to determine whether QE is meeting the above objectives. Results of this evaluation will be available upon request. However, the following paper will concentrate on the events leading to establishment of QE, how Fisheries Branch and Lake Winnipeg commercial fishermen have worked towards its implementation, and how we continue to work together to make necessary modifications to QE.

BACKGROUND

The Point System

Individual quotas were introduced on Lake Winnipeg in 1972. Prior to implementation of transferable quotas in 1985, quota allocations on Lake Winnipeg were made using a point system; fishermen could gain quotas by earning licences for the three fishing seasons through a system in which points were given for experience (the number of years fishing), dependency on fishing (the number of seasons fished each year), and training received through the Hnaua Training Centre. Each community area was allocated a fixed number of licences and only residents of a community area were eligible to compete for a vacant licence in that community area. The applicant with the highest number of points was awarded the vacant licence within his community area. Fisheries Branch was responsible for calculating points and allocating licences.

Licence transfers between individual fishermen were prohibited, except in the case of a fisherman transferring his or her licence to a son, daughter, or grandchild.

However, problems arose with this system. Fishermen were being placed in a position where it was almost impossible to match harvest rights with the productive capacity of their equipment. Restrictions placed on the acquisition and disposition of quota made it difficult for fishermen to adapt to rapidly changing economic conditions. Consequently, many fishermen were resorting to illegal acts such as exceeding individual quotas or fishing other fishermen's quotas on a shared basis. Government was perceived as denying them the opportunity to earn a reasonable income.

Fishermen had little equity in the industry. When fishermen retired, their quota reverted to the Provincial Crown and were reallocated via the point system by Fisheries Branch. Thus, individuals wanting to leave the fishery were unable to recover their investment in vessels and gear as equipment was of little value without a quota to go with it.

It was also very difficult for a young fisherman to obtain a licence. It took an average of over eight years from the year an individual began applying for a licence until he obtained one.

Fishermen indicated at the time that a three-season status could provide adequate income opportunities. However, under the point system of allocation, quota were distributed unequally among seasons. The number of three-season positions was restricted by the season with the fewest individual quota. Therefore, the opportunity to become a three-season fisherman was extremely limited.

STRUCTURE OF FISHERMEN'S REPRESENTATION

The Lake Winnipeg Fisheries Management Advisory Board

The Lake Winnipeg Fisheries Management Advisory Board was essential in implementing the QE system in that it provided a vehicle for presenting the proposal to commercial fishermen on the lake and for verifying the fishermen's objectives. The Board was established in 1978 along with advisory boards for other lakes under a province-wide consultative process originally directed at examining the feasibility of a leasing system for all commercial fisheries. The Board's responsibilities, which have changed little since this time, are as follows:

1. To provide a continuing review of Lake Winnipeg fisheries management practices;
2. To make recommendations to the Director of Fisheries regarding proposed changes to the Lake Winnipeg fisheries management practices, which in the opinion of the Board would benefit the commercial fishery in the long term;
3. To inform the Director of Fisheries of commercial fishermen's concerns and advice related to the Lake Winnipeg commercial fishery, and

4. To act in an advisory capacity to the Director of Fisheries, Department of Natural Resources in all aspects of the commercial fishery, except that the Board shall function independently of the Lake Winnipeg Licensing Review Board and shall not act for individual fishermen.

The Board currently is comprised of 14 members: 12 elected representatives of the commercial fishermen from the Community Licensing Areas (one from each of the Areas shown in Figure 1), one fisherman representing Norway House, an outlet lake, fishery, and one representing the whitefish fishermen. Two representatives from the Manitoba Fisheries Branch also act on the Board in an advisory capacity. At this time, the Board is chaired by one of the Fisheries Branch representatives while the other acts as Secretary to the Board.

The Board generally meets twice a year, once before the open water season and once before the winter season. Board members are responsible for informing commercial fishermen in their area of the proceedings of Board meetings and ensuring that commercial fishermen's views and concerns are reflected at Board meetings. In addition, Fisheries Branch sends out individual letters to Lake Winnipeg fishermen when major changes are proposed for the fishery. The Branch also sends out newsletters to keep the fishermen informed of happenings in the Lake Winnipeg fishery.

The Lake Winnipeg Licence Review Board

The Lake Winnipeg Licence Review Board, which also existed under the old point system, is responsible for hearing appeals from fishermen who have had their licences suspended due to an infraction or non-productivity. The Review Board consists of four commercial fishermen appointed from the Lake Winnipeg Fisheries Management Advisory Board and two Fisheries Branch representatives, one acting as Chairman and the other as Secretary. Fisheries Branch receives appeals and refers all appropriate appeals to the Review Board. The Review Board meets prior to each fishing season to hear appeals. Only the four fishermen Board members can vote; thus, those seeking appeals are judged by their peers. In the event of a tie, the Chairman can vote.

IMPLEMENTATION OF TRANSFERABLE QUOTA ENTITLEMENTS

Between April 1981 and January 1983, Fisheries Branch in consultation with commercial fishermen on the Lake Winnipeg Fisheries Management Advisory Board, put forward a proposal to initiate a system of quota entitlements (QE) which were actually individual transferable quotas. In March 1983, at the Government's request, a private consultant was contracted to further investigate the feasibility of this proposal and to determine the support of fishermen and communities for the proposal. Meetings were held with fishermen from the 12 Community Licensing Areas on the lake. The consultant found that fishermen were strongly in favour of the proposal and recommended implementation for the 1984-85 fishing year. As a result, a Pilot Project was introduced in Community Licensing Area 5 (Matheson Island/Pine Dock) on Lake Winnipeg in November 1984.

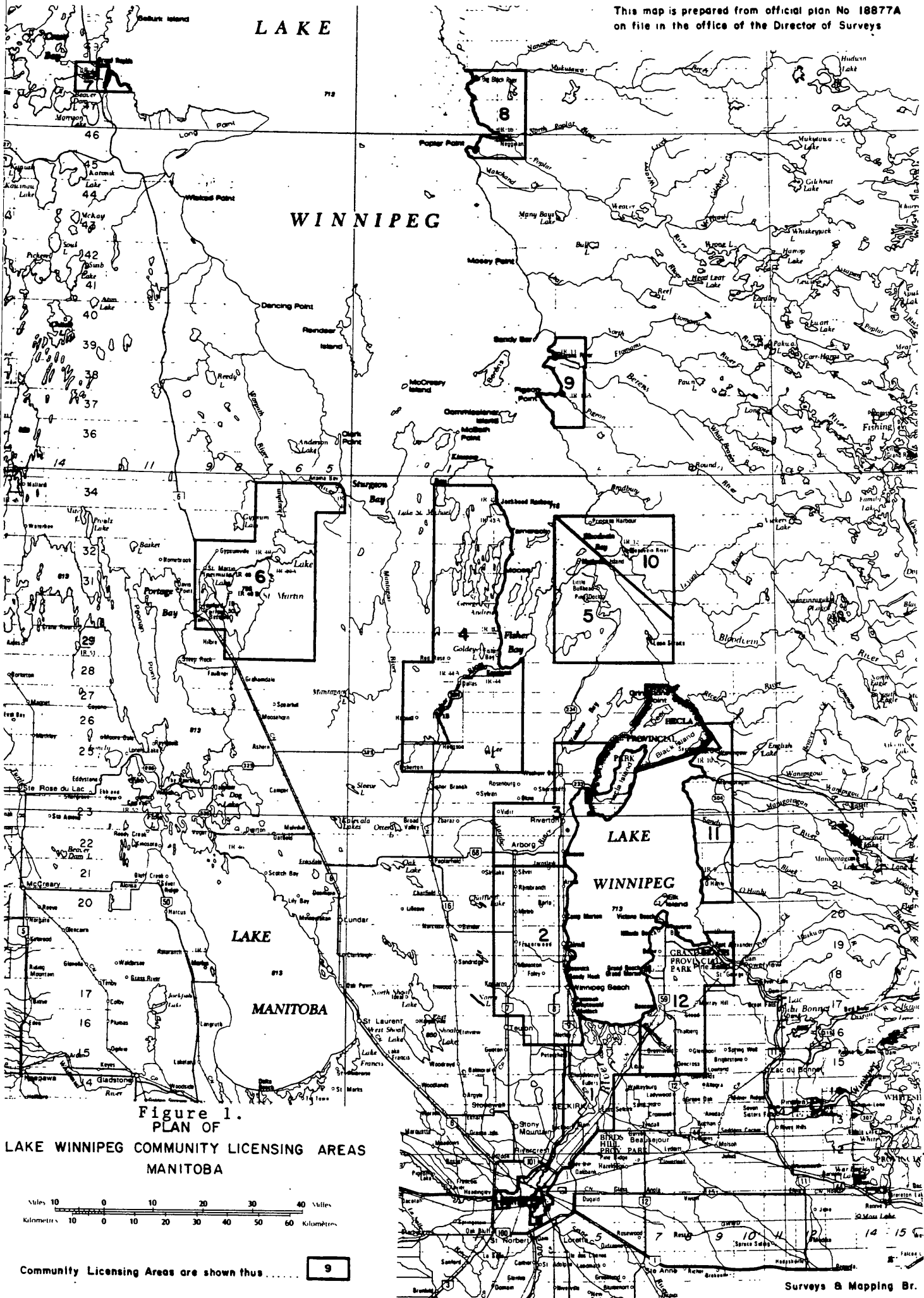
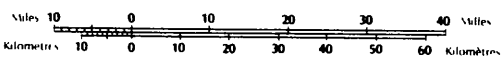


Figure 1. PLAN OF

LAKE WINNIPEG COMMUNITY LICENSING AREAS
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Community Licensing Areas are shown thus



Transfers occurred during the spring of 1985 in Area 5. Eight quotas (7% of the total available quotas) were reallocated under QE procedures. In comparison, only two spring quotas (0.5% of the total spring quotas) were eligible for reallocation under the old point system operating in the 11 other community areas around the lake. Thus the Pilot Project demonstrated that fishermen liked the system and were taking advantage of the ease of access it offered. The Pilot Project also dispelled the fears of the Manitoba Government that QE would cause undue concentration of quotas. Fisheries Branch liked the QE system because it seemed to be meeting the needs of the fishery and also significantly reduced the Branch's administrative time commitment which was substantial under the old point system.

During August and September 1985, a referendum was conducted in all the communities around the lake. Fishermen in all communities, with the exception of Berens River (Area 9), were strongly in favour of the transferable quota system, which was subsequently implemented. In April 1986, Berens River fishermen voted in favour of the system which was implemented in their community area (9) in the fall of 1986.

Initial Eligibility

The Lake Winnipeg fishery already had individual quotas under the old point system. Specific quotas were identified for specific areas of the lake for each season. Thus, initial eligibility was established as simply, everyone who had quotas already would have the same quotas under the Quota Entitlement system. However, some fishermen had built up significant points but had been unable to obtain quotas because of the extremely low vacancy rate. Therefore, a decision was made to allocate a quota to each top point holder in each season for each community area, expanding the total number of available quotas in the QE system.

PRIMARY FEATURES OF THE QUOTA ENTITLEMENT SYSTEM

Transferability

The settlements around Lake Winnipeg are grouped into 12 Community Licensing Areas (Figure 1). Transfers of quota between Community Licensing Areas are not allowed, to ensure the economic base provided by the fishery to the different communities is protected. Fishermen changing residence to a new Community Licensing Area may still fish their quota. However, quota entitlements will remain attached to their original Community Area and can only be transferred to a resident of the original Community Area.

A fisherman can sell a quota entitlement to anyone in the same Community Licensing Area meeting the experience and residency criteria. The only experience required for a non-quota entitlement holder is two years fishing in the season applied for. A helper's permit constitutes verification of experience. Experience criteria are waived for individuals already holding an entitlement. Residency is the principle area of residence (six months plus one day) for the previous 12 months in a Community Licensing Area.

Season Designation

The maximum number of quota entitlements allowed per fisherman is now four, compared to the original three, in most Community Licensing Areas except for Areas 4, 6, and 9 where 6 quota are allowed. However, a fisherman may have only two quota per season (summer, fall, or winter). These maximum limits were based on sustainable harvest capacity of the lake, historical tenure of fishermen, and a concern expressed by the fishermen that individual fishermen should be prevented from acquiring the majority of the total available quotas within a given community area.

Under the old point system, the season during which a quota could be harvested was predetermined and unchangeable, although unharvested quota could be caught in subsequent seasons within the fishing year. Under Quota Entitlement, upon application for transfer, the transferee may redesignate the season in which the transferred quota will be harvested providing he has not already acquired the maximum allowable quota for that season. This option is allowed in all Community Licensing Areas except for winter quotas in Sturgeon Bay (Area 6), Grand Rapids (Area 7), and Poplar/Big Black River (Area 8), where the significant difference in both quota amounts and species of fish harvested between open water and winter seasons makes this option undesirable. The size of quota does not change with season designation. Also, a fisherman cannot transfer a quota to himself for the sole purpose of changing the season of harvest. However, fishermen can still harvest unused quotas in subsequent seasons within the same fishing year.

Equity

Transferable quota allow fishermen to "invest" in the fishery by buying quota. They can recapture this equity when they sell quota. A quota entitlement may also be used as security for a loan with a financial lending institution.

Retirement Licences

To allow fishermen to voluntarily sell or transfer their quota entitlements without being forced to give up fishing altogether, any active fisherman 55 years of age or over who has held a licence and a quota for at least five years prior to transferring it may apply for a retirement licence at the time of sale or transfer. The retirement licence is issued for the same season as the quota sold or transferred. A fisherman can hold only one retirement licence per season in which he held quota. Thus, the maximum number of retirement licences a fisherman could hold is three.

CHANGES IN QUOTA ENTITLEMENT ADMINISTRATIVE PROCEDURES

Any transactions carried out under QE must follow the Lake Winnipeg Quota Entitlement Administrative Procedures (last revised in January, 1989). There are 15 procedures which cover all aspects of QE, including processing of QE transfers, season designation, change of residence, licence suspensions, etc. The features of QE described above have changed somewhat over time, and the following examples demonstrate how changes to the procedures may be initiated at the community area level, by the Advisory Board, or by Fisheries Branch. It should be noted, however, that any proposed changes to the QE system must be presented to the Advisory Board for discussion.

Maximum Number of Quota Entitlements

When QE was first implemented, the maximum number of quotas a fisherman could hold was three - one for each fishing season (summer, fall, and winter). However, fishermen from some of the community licensing areas approached their representatives on the Advisory Board to request an increase in the maximum allowable number of quota entitlements. In some cases, a vote was held at the community level to ensure endorsement of this request. As a result, the number of quotas allowed was increased from 3 to 4 in six community areas in 1987 and in the remaining areas in 1988. Subsequently, three community areas requested that the maximum number of quotas allowed be increased from 4 to 6, and this change was effected for two of the communities in 1989 and the third community in 1990.

Combination of Community Licensing Areas

As stated earlier, quotas cannot be transferred between Community Licensing Areas. However, in 1987 Areas 1 and 2 were combined into one area. The same year, Areas 5 and 10 were combined. In 1989, Areas 3 and 12 were combined with 1 and 2. This change was initiated by a group of fishermen from one of the areas who brought forward the request to combine to their Advisory Board representative. The fishermen wished to expand their opportunities to obtain more quotas, which were becoming harder to obtain in some areas, while those in other areas wished to expand the market for their quotas. The representative presented the request to the Board which supported the request. However, in this case, Fisheries Branch notified all fishermen from the Community Areas involved and subsequently administered a vote in each of the areas. The votes were in favour of combining. It should be noted that the combination is for quota transfer purposes only. The four areas still retain their separate identities and individual representatives on the Advisory Board.

Experience Verification Committee

Fishermen wishing to acquire quota entitlements must supply Fisheries Branch with sufficient documentation proving they meet the experience criteria outlined below. In some Community Areas, which were remote and had difficulty understanding how QE procedures worked, obtaining such documentation was often a problem. Fisheries Branch therefore suggested that Experience Verification Committees be established for these areas. The Advisory Board agreed, and this was done for two areas in 1986 and for a third in 1988. These Committees are comprised of the Advisory Board member plus one or two other commercial fishermen from the community. Now, when an applicant in a particular area cannot provide documentation, Fisheries Branch consults with the Experience Verification Committee for that area which is then responsible for deciding whether the applicant meets the experience criteria or not.

Retirement Licences

The number of retirement licences held by Lake Winnipeg fishermen has increased substantially since the introduction of QE to the point where over 250,000 kgs of retirement quotas area allowed to be harvested. At the suggestion of Fisheries Branch, a special committee has been struck comprised of members of the Advisory Board to examine the retirement licence issue and determine what changes should be made to either eligibility or maximum number of retirement quotas allowed per fisherman.

LEGISLATION OF QUOTA ENTITLEMENT

The Lake Winnipeg Fisheries Management Advisory Board has brought forward a proposal to entrench certain aspects of the QE system in legislation, namely:

1. The Minister of Natural Resources *must* consult with the Advisory Board before making any major changes to the QE system; and
2. A quota entitlement is to be considered "property" that has value.

Quota entitlements currently exist only through Fisheries Branch policy and procedures agreed to with the Advisory Board. Fishermen have expressed a desire to see QE appear in legislation to protect the program against revisions or cancellation arising as a result of new direction from changing governments or Fisheries Branch personnel. As a result, appropriate legislation has been drafted which will be placed on the legislative agenda during the next sitting of the Legislature.

FUTURE DIRECTION OF THE QE SYSTEM

While progress has been made towards joint management of the Lake Winnipeg fishery, there are still areas that require improvement.

Advisory Board members often have expectations that their recommendations will automatically be implemented and they become upset when this does not occur. They tend to forget that their role is strictly advisory. On the other hand, Fisheries Branch is receptive to the Advisory Board taking on more responsibility, but the Board appears reluctant to do so.

Generally, it is Branch policy that where changes primarily address economic or social concerns of the fishermen, the Branch is generally supportive if community areas (through referendums or meetings with their representatives) demonstrate support for proposed changes. However, the Branch will take the leading role to propose or evaluate proposals for any alterations to the program having biological implications for fisheries stocks on the lake. The original responsibilities of the Advisory Board clearly state that the Board shall appoint a Chairman and Secretary from amongst its members. In the absence of such designation, the senior Fisheries Branch representative may serve as Acting Chairman at the request of the Board. The two Fisheries Branch representatives are not Board members and are only present at Board meetings to provide Fisheries Branch input and technical advice. However, the Board has declined to appoint a Chairman and Secretary, instead preferring to let the two Fisheries Branch representatives act in these positions. Thus, Fisheries Branch staff call and conduct the meetings, prepare the agendas, take and distribute the minutes, and prepare all written correspondence for the Advisory Board.

Fisheries Branch would prefer that the Advisory Board call and chair its own meetings, with Fisheries staff resuming their advisory role to the Board. The Board may in fact be moving towards this situation, as evidenced in a recommendation at the last meeting that Board members meet privately to discuss agenda items prior to meeting with Fisheries Branch. It should also be noted that some Board members have recognized the need to become more involved with other groups that use the fisheries resource. For example, at one time, the Lake Winnipeg commercial fishermen preferred not to deal with sport fishing groups which had concerns about fish populations on the Red River. In recent years, however, some Advisory Board members have attended meetings to present the commercial fishermen's perspective to the sport fishermen. Communications between the two groups have since improved as a result of the commercial fishermen's efforts.

There are a few minor problems with the system. The Lake Winnipeg Fisheries Management Advisory Board meetings were never intended to be used to deal with individual complaints, licence appeals, etc. Yet, this is what tends to happen at many meetings. Dealing with individual concerns tends to waste a lot of time at these meetings to the detriment of resolving major issues that affect all participants.

Some Advisory Board representatives are remiss in keeping their communities informed about issues discussed at the Board meetings. There is concern that they are representing their own interests, rather than those of the community they represent.

Preliminary results of the evaluation of the Lake Winnipeg Quota Entitlement System conducted this summer (1991) have shown a number of issues that will have to be resolved. The consultative process that has evolved with the QE system has tended to be very time-consuming. Some of the changes to the QE system since its inception took over two years to implement. However, it should be recognized that the time was well-spent in establishing trust and respect among the fishermen and Fisheries Branch staff - essential elements in ensuring the success of any co-management situation.

Initiating changes to QE procedures would likely be expedited with the hiring of a full-time manager who would call and chair the Advisory Board meetings, set the agendas, and prepare and distribute information to ensure all fishermen are kept aware of current issues. The Manager's salary could be funded using a check-off system similar to Ontario's. However, fishermen have been introduced to the potential of such a system and show no interest to date.

CONCLUSIONS

Joint management of the Lake Winnipeg fishery is still evolving. Fisheries Branch will continue to encourage the Advisory Board to take on more responsibility in organizing their meetings and ensuring fair representation of fishermen from all the community areas.