

PACIFIC PRAWN FISHERMEN'S ASSOCIATION



Annual Report
2015

NOVEMBER 2015

PRESIDENT'S MESSAGE

Perhaps I have said this before, but this year has been one of transition but I am happy to report that things are running smoothly.

This year, the transition has been principally in our staffing who are just now completing the first full cycle of business operations.

Our Association continues to face many of the same issues as in previous years. Ongoing challenges include:

- regulatory predictability in light of continuing environmental pressures, closures and restrictions
- Moving business issues forward with DFO and the Prawn Advisory Board in a timely manner
- Membership issues within the Association and caucus

On a happier note, strong market demand continues for our products, relationships with DFO and other key stakeholders continue to grow in a positive way and financially, we are in good shape.

As we look to the future, certainly our focus needs to continue looking outward and dealing with potential threats to our collective business interests and looking inward to develop a better, shared vision of what organization is and how it operates.

I want to thank the Board and caucus representatives for their time and thoughtful consideration of the many issues placed before them over the last 12 months and I look forward to continuing our term and important work.

Respectfully submitted:

Paul Bevandick
President

1. MEMBERSHIP, STAFFING AND ADMINISTRATION

Understanding our membership has been a focus for administration as we try and improve our communications with membership and enhance programs and services important to our members.

Both Mr. Richards and Ms. Orr have settled into their new roles. Steven takes lead responsibility for Finance, Budget, Government Relations, liaising with DFO, JO Thomas and other programs such as the Post Season Sampling while Emily's focus is on membership and member communications.

MEMBERSHIP

All membership profiles have been cross-referenced using 2015 DFO license reports. Whereas contact information is incomplete, or post mail or email is returned, direct contact has been made with members by phone and or email to confirm or update information. Membership Profile maintenance is ongoing, and new memberships are being encouraged as license ownerships change.

- PPFA Membership (172 licenses) represents **69%** of the 250 licenses fleetwide
- 42 licenses are of multi-license ownerships, comprising **24%** of the membership
- 17 member license holders are multi-license holders, (representing 42 licenses)

NEWSLETTER

The new format of the PPFA Newsletter includes an improved level of detail about the issues facing the prawn industry, as well as photos, advertising, and a classified section. Newsletter distribution will be by email, with the exception of the Pre-Season Issue, which will accompany the fleet-wide mail-out.

WEBSITE

A new PPFA website is in formative stages. The website will provide public information about the B.C. prawn fishery, its sustainability-goaled management program, and the high level of accountability our industry is committed to. Members who wish to be listed as contacts for prawn sales will be included in the website, in addition to advertising for the various prawn festivals and events that take place throughout the year.

The Association's mailing office is:

P.O Box 74687 Kitsilano RPO
2768 West Broadway
Vancouver, BC V6K 4P4

2. BUDGET AND WORK PLAN

The Budget was modelled after previous years with total fees of \$3,880.00 levied per license on a total of 245 licenses. Given the alignment with JO Thomas and the costs associated with the in-season sampling program, the major variable was the cost of VMS.

Total actual costs for the ISSI were \$462k, approximately \$25k less than budgeted. The VMS program faced some unbudgeted costs from the previous year (2014) of just over \$50k.

The strong US\$ was the other major factor in comparing actual to budget. Including the 2014 costs of \$50k, the VMS expenditures exceeded budget by just over \$40k which includes the purchase and sale of several VMS units from inventory during the season.

Given the transitioning of this program, some difficulties in budgeting were expected. As we move forward, we can expect to see a decrease in the total cost due to hail frequency, a shift to M2M technology and a more reasonable Canadian/US dollar rate.

Within the industry initiatives, budget performance was quite good.

3. FINANCIAL STATEMENTS FOR YEAR ENDING DECEMBER 31, 2014

BALANCE SHEET

The Association continues its strong Balance Sheet position with total cash assets of just over \$700k. Although this reflects a decrease from the previous year of approximately \$220K, it is still a significant cash position. Items included in that net change were actual cash (\$92k), Accounts Receivable (\$55k), Inventory (\$51K) and GST Receivable (\$23k). The continuing strength of the cash position allows the Association to, once again and to a limited extent, fund annual operations instead of generating revenues through membership.

Liabilities also decreased significantly from \$288k to \$67k which reflected the difficult transition to VMS. A \$50k accrual was set up to allow for a subsequent VMS cost from 2014. The balance of \$17k is normal trade payables.

REVENUES & EXPENDITURES

The year ended with total revenues of \$952k, a decrease of \$142k. The total decrease was comprised of a decrease in VMS revenue of \$173k and offset by an increase in membership fees of \$42k. Given the uncertainty with the implementation of VMS, these changes, while dramatic, are understandable.

The year ended with total expenditures of \$961k, a decrease of \$173k meaning the year ended with a small operational loss of just over \$8k, compared to the \$39k in 2013. In terms of the increased expenditures, two items are of particular note - legal costs increased from \$29k to \$56k and the In-Season Spawner Index program costs increased from \$414k to \$441k. Costs associated with the JPA with DFO actually decreased by just under \$10k

The bylaws of the Association require a motion at the AGM to approve the Financial Statements for each year.

The bylaws of the Association require a motion confirming the appointment of an auditor. Administration recommends that a motion be put forward confirming that Schmidt Berg & Company be named as the Association's Auditor.

4.0 PROGRAMS & SERVICES

4.1 IN-SEASON SAMPLING

The ISSI program is undertaken through contract with J.O. Thomas & Associates Ltd. (JOT) for a total cost of \$441k. This, by far, is the Association's largest program and it provides important data, supplied to DFO, to assist in the management of the fishery. Without this data supplied to government, regulatory control of the fishery would be based less on data-based decision making. The Association operates at arms-length from this process and have no role in the decision making processes associated with the data collected.

4.2 POST SEASON SAMPLING

Similar to the ISSI, this program provides important follow-up data. The total cost of the program is just over \$100k and is implemented through a procurement process led by the Association with JO Thomas and DFO participation. A total of nine areas are sampled with data supplied to DFO. Some changes will be considered to the procurement process for next year including a weighted average evaluation and more specific timelines.

4.3 JOINT PROJECT AGREEMENTS

The Association maintains two separate agreements with DFO. One governs the relationship and costs associated funding provided to DFO to cover costs associated with the enhancement of science projects and enforcement activities as well as costs associated with additional sampling. For the 2015 fiscal year, these costs are approximately \$160k. The second is in place for the formality associated with the PSSI, in which DFO plays a role in the establishment and maintenance of standards and data quality. There are no costs associated with this JPA. JPA#1 also provides an opportunity for the Association to have structured bi-lateral discussions with DFO on various enforcement matters.

4.4 ASSOCIATIONS & RELATIONSHIPS

The Association maintains a number of associations and relationships that provide key contacts and information flow in areas of interest. These include our membership with the BC Seafood Alliance and participation in activities and seminars such as the Network of MPAs. Other relationships with DFO personnel, Joubeh, JOT, etc. are all meaningful in that the Association is aware of, and participates in key and evolving issues.

5.0 BANKING

The Association changed banks in July 2015. We are now with the Gulf & Fraser. Rules associated with the bank account and investments continue unchanged. Three Directors have signing authority and any two of those three are required to sign for any cheques and changes to investments. The Executive Director has on-line, 'administrative' access meaning he can see transactions but not effect change.

6.0 LOOKING AHEAD & KEY ISSUES

As we look ahead to the coming year, key issues will include:

- Developments associated with the implementation of eLOG
 - The political and regulatory environment with respect to environmental issues and especially closures
 - Budgeting associated with respect to ongoing legal costs
 - Budgeting and Membership Fees
 - Further refinement and cost reduction with respect to VMS
 - The effectiveness of the Prawn Advisory Board
 - Consideration of industry-led changes to the IFMP
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