

CONCERNED CITIZENS AND FRIENDS OF LIGHTHOUSE COUNTRY

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VOR 1G0

September 24, 2007

David Marlor
Regional Planning Manager, Northern
700 North Rd.
Gabriola Island, BC
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Dear Mr. Marlor:

RE: DE-RZ-2006.I (Island Scallops Ltd.) Denman Point Lease Expansion

Our organization was founded by a group of former DFO employees with expertise in fisheries science, biology, engineering and management who reside in the community of Bowser. Our group is extremely concerned with the lack of scientific study, socio-economic consideration, and public input when considering some of the largest aquaculture development proposals in the history of British Columbia.

Our main focus has been on an off-bottom scallop production facility proposed by Island Scallops Ltd. (Edgewater Foods International) in waters adjacent to the community of Bowser within an existing aquaculture lease (926 acres) almost the size of STANLEY PARK. The fact that this facility could be installed without any site-specific scientific study in an area classified as "vital" to the herring industry and without public debate is incomprehensible. The situation at Denman Point is very similar in many ways to the Bowser proposal and we would like to offer the following comments with respect to the public meeting held on Denman Island on September 18, 2007 for your consideration:

FALSE ECONOMICS

Denman Island will not receive any benefit from the Denman Point expansion of the ISL lease. As evident at the meeting, only a handful of seasonal jobs are created by the industry, none of which employ Denman Islanders. The business does not buy supplies from the Island nor does it employ other businesses on Denman. All profits go to the company of which Robert Saunders is the majority shareholder. The most recent quarterly report for Edgewater Foods indicates that approximately 23,866,000 common shares have been

issued with a face value of almost \$24 million at the current stock price. This is a large motivator to increase share value by increasing tenure holdings that, according to recent valuation, range in value from \$10,000 to \$25,000 per acre. The province receives minor compensation from lease fees but the rest of the economy only benefits from a few jobs for seasonal workers, and for trucking and distribution businesses.

The telling statement in the Denman meeting was when Mr. Saunders stated that the scallop business is like "the canary in the GOLD mine". This slip of the tongue is very appropriate, as the company has never made a profit, however, he stands to make a fortune if ISL holdings are increased and a buyer is found (from offshore?). Some of our experts have speculated that this may be the overall strategy of Mr. Saunders.

INDUSTRIALIZATION

The shellfish industry is fast becoming a major industry with all the attributes of a gold rush. No longer is it a family operation but it has turned into corporations with global interests. ISL has made many statements comparing the industry with operations in Japan and China, for instance:

"For example, in Japan entire bays and communities are devoted to scallop farming."

"FAO statistics report that production of cultured Japanese scallops from China is now about 5 times greater than that from Japan."

References such as these are a reminder that ISL looks to those examples as patterns for their future operations. With an expansion of the Denman Point lease, ISL will have more than 205 acres of farm area in Baynes Sound. All of this area will be farmed as intensely as possible to maximize the potential product volume. Due to technology improvements, the volume of product does not necessarily convert to increased employment.

BIOLOGICAL RISK

The biological carrying capacity of Baynes Sound has been the subject of some minor study and much controversy. The studies undertaken to date have only taken into account the species of cultured shellfish rather than the surrounding ecology. Scientists are becoming alarmed at the lack of adequate study in Baynes Sound and are calling for caution when considering expansion of existing tenures. Heather Deal, M.Sc. studied the industry and stated in her publication "Sustainable Shellfish - recommendations for responsible aquaculture" that:

"Estimates of "carrying capacity" of a potential tenure do not take local communities of organisms and their nutritional requirements into account. They are merely designed to estimate maximum production. "Carrying capacity" refers to the maximum number of organisms that can be sustained in a habitat over the long term. There are serious flaws in the current estimations of the carrying capacity of potential shellfish aquaculture sites. Shellfish eat phytoplankton. So do many other organisms – in fact, plankton is the basic building block of the entire marine food chain. Existing studies focus on the maximum number of shellfish that can be grown, but not their impact on all of the other organisms, which rely directly and indirectly on phytoplankton for food."

This can be compared to placing a fox in a chicken coop and studying only the fox. At first the fox will survive quite nicely, however the chickens will not fare as well and when all of the chickens are gone, the fox will also perish.

Most studies in Baynes Sound have been directed at beach culture in which the food supply in the water column drifts over top of the organisms feeding on the phytoplankton. Scallops present a very different dynamic as they are grown in massive vertical "curtains" which extend down through the water column and filter a much greater amount of the water volume. The configuration of suspended scallop culture is similar to vertical blinds which, when viewed in the open position, are spaced apart, however, when turned 90 degrees, they form a solid wall to the viewer. It is this "wall" that faces the direction of the current and through which the food organisms must travel. This type of culture combined with the huge size of the Pacific Scallop and the projected product volume could have a devastating impact on available food supply and ecology of Baynes Sound.

CHANGES TO MANAGEMENT PLAN

As evidenced at the public information meeting, management plans can be changed easily and without consultation. ISL makes it very clear in the case of the Bowser Scallop Farm that:

"This is not a new proposal, merely an application to amend the management plan for a portion of the farm in order to change the method of farming from bottom to off-bottom culture."

Under the Right to Farm Act, farmers can change their crop easily and routinely if conditions permit. There is no guarantee that the operation could change dramatically in future years even if statements are made in the management plan to the contrary. If this lease expansion is approved, anything is possible, particularly if the company is sold to global interests. It is very difficult to cancel a lease once it has been awarded and even less opportunity to control farming operations as seen by the above statement.

LACK OF PUBLIC INPUT

There has been no opportunity for public discussion or debate on the issue of the Denman Point Lease expansion. The public information meetings have been held on behalf of the proponent and did not provide a venue for the public to voice opinions. As evidenced by the comments of the provincial representative at the September 18th meeting, the information meetings are the sole venue for input to the lease or management planning process. Similarly, the federal CEAA process is woefully inadequate as it does not consider socio-economic impacts such as commercial and recreational fishing or reduction of property and community values as legitimate and excludes these effects from the decision process. On top of this, the responsibility for the CEAA screening process is often given to the proponent or consultant as reported by Robert Sisler of Transport Canada in a letter to our organization dated September 20, 2007:

"In most reviews, the Responsible Authority (RA) does not write the screening report. In these cases, the proponent or its consultant prepares the screening report, which the Responsible Authority and Federal Authorities review."

The Island Trust process is the only vehicle by which the public and other resource sectors can provide input to aquaculture lease agreements and it is imperative that these voices are heard.

In the interest of protecting the Denman Island community, the health of Baynes Sound and the boating public, I urge you to recommend refusal of the proposed re-zoning of the marine area involved or at the very least, recommend public hearings on the issue to allow for discussion of potential impacts.

We would be pleased to meet with you at any time to discuss the issue further and I can be contacted at (250) 757-8887 or bqdane@shaw.ca at any time to make arrangements.
Thank you for your consideration.

Yours truly,

Brian Dane **for**
Concerned Citizens and Friends
Of Lighthouse Country
CC: Louise Bell
David Graham