

Meeting Record

Access and Distribution Workshop October 27, 2010

Joe Mathias Centre, 100 Capilano Road, North Vancouver

Meeting Objectives

To provide participants an opportunity to:

- Receive an update on the Access and Distribution element of PICFI
- Provide input on the approach for access relinquishment
- Contribute to a discussion on criteria for the distribution of access

Materials Distributed:

- Workshop Agenda
- PICFI Update Presentation Deck
- PICFI and ATP Relinquishments Handout
- Workshop Evaluation Form

Key Issues Discussed:

Acquiring Access:

- DFO representatives provided a brief overview of PICFI access acquired to-date, advising participants that:
 - PICFI allocated \$115 M over five years to relinquish licences and quota. Approximately 10% of this budget has been set aside for the acquisition of vessels and gear.
 - Total payments to date have been \$59.4M for 258 licences (for a range of species), 6.3% Halibut TAC and 4.8% Sablefish TAC.
 - Approximately 15% of resources are notionally planned for salmon access, with remainder devoted to other species. While there is some flexibility on this, the intent was to ensure there would be salmon access for interior First Nations and an opportunity for coastal First Nations to diversify access.
 - Acquisitions have been informed by PICFI Expressions of Interest, business plans, previous consultations and ongoing discussion with PICFI groups.
 - An extended, multi-phase relinquishment process has been employed, in order to avoid price impacts.
- DFO representatives then outlined the offers process for access relinquishment, as follows:
 - Application packages are distributed to approximately 3,000 commercial licence holders. (The deadline for applications for the most recent relinquishment round was October 26, 2010; however another round is scheduled for January 2011.)
 - Once proposals for relinquishment are received, an acquisition tool assesses all offers based on value for money for Canadians and any other departmental constraints (e.g. restrictions on types of access, married licences, etc.)
 - Senior management is then briefed on acceptable offers and relinquishment agreements are generated.
 - Offers may not ultimately be accepted by applicants, however, as they may be making other deals based on the PICFI offer amount.
- In regards specifically to the valuation of licences, DFO representatives advised participants that:
 - In addition to information provided by Stu Nelson's reports and previous relinquishment rounds, an Access Relinquishment Team (ART), administered by a contracted 3rd party, also provides advice on current licence values.
 - DFO asks Species Coordinators and the FNFC to provide names of First Nations and commercial fishery participants who may be interested in participating on the ART. These names are then passed on to the contractor (currently PricewaterhouseCoopers).

- Three times a year, just before an acquisition round, PricewaterhouseCoopers (PwC) contacts ART members and asks their opinion on licence values and market trends, etc. PwC gathers the information, documents it, confirms with participants that it is accurate and then provides it to DFO.
- Anyone with knowledge of a specific fishery can participate and DFO encourages the input of First Nations.
- Once the updates were complete, good discussion amongst participants took place regarding access, with highlights as follows:
 - Participants indicated general agreement that DFO should stick to the established value-for-money approach, based on the recognition that paying well above market value for licences would change the market for everyone.
 - Interest in accessing licences that fall within First Nations' territories was expressed.
 - The suggestion that DFO may want to consider only accepting quota that is attached to a licence was made.
 - The need for high-value licences and the challenges of meeting the needs of First Nations within the constraints of a voluntary relinquishment program were raised.
 - Many participants identified the need for a strategy to secure access to Geoduck, Sea Cucumber and other high-value licences. It was acknowledged that these licences were not being submitted in the relinquishment process and, therefore, other options for acquiring that access may have to be explored.
 - Many participants suggested that the Department create new licences. DFO representatives advised, however, that licence creation was not an option for this current initiative.
 - The suggestion was also made that First Nations should be supported in efforts to acquire licences independently on the open market.
 - Many participants acknowledged that the discussion taking place regarding access was useful; however participants indicated that they felt that they had not been adequately involved in the process and expressed concerns regarding their participation in decision-making.

Short-term Distribution and Demonstration Fisheries

- In regards to short-term (non-salmon) distribution, DFO advised participants that:
 - Short-term distribution was not originally part of PICFI; however the program sought DM approval to proceed with short-term distribution in 2009.
 - While the shortfalls of this approach were acknowledged, the benefit of allowing for significant economic benefits to many communities and the opportunity to 'test' agreements and for aggregates to work together in administering access were seen as very valuable.
 - Criteria for short-term distribution were developed and shared with the FNFC and, although not necessarily reflective of what would occur with long-term distribution, did include the following considerations:
 - Distribution of quota as the highest priority, followed by licences where a reasonable opportunity to fish a given species remains in the balance of the current fiscal year;
 - Ability of the First Nation to fish the commercial access themselves;
 - Ability of the First Nation to secure training and employment opportunities as part of a leasing arrangement;
 - In the case of quota, whether the First Nation holds a licence to which the quota could be attached;
 - Participation in a PICFI Expression of Interest submitted to DFO and received by the deadline; and
 - Consideration of the fisheries monitoring and catch reporting history of the First Nation.
- In regards to short-term distribution of salmon through in-river Demonstration Fisheries, DFO representatives indicated that:
 - They did communicate at the outset of the program that the focus for coastal First Nations would be to provide a diversity of opportunities, with a focus on non-salmon access and

that in-river First Nations would only be able to access salmon, so the bulk of salmon access relinquished through PICFI would go to in-river groups.

- All PICFI acquired salmon licences acquired to-date (and some ATP licences) were used in the in-river Demonstration Fisheries
- Some coastal First Nation participants indicated that they had not been made aware of Demonstration Fisheries and expressed concern that 80% of salmon licences were going to in-river First Nations. Clarification was provided that the allocation was not 80% of all salmon access, but rather approximately 80% of salmon access relinquished to PICFI.
- Concerns were expressed regarding licences being moved in-river, with some participants highlighting that doing so was contrary to commercial fishery and area reselection.
- In-river PICFI participants also identified some concerns regarding the Demonstration Fisheries, including the need for infrastructure and the difficulty in conducting business in an atmosphere of uncertainty.
- Workshop attendees were reminded that commercial fisheries are still in development for in-river First Nations, who only get access to salmon and require the development of landing sites, vessels, gear, ice, processing plants etc. in order to participate in the fishery.
- The need to work together to rebuild stocks was also identified during the discussion, as was the importance of keeping conservation considerations paramount in fisheries activities and decisions.
- In-river participants expressed the desire to work with coastal First Nations and the general need for all First Nations to work together was highlighted.

Vessels and Gear

- Vessel and gear support for First Nations was also discussed, with DFO representatives confirming that approximately 10% of the \$115 M access budget has been set aside for vessels and gear.
- Concern was expressed by some participants that the 10% of the access budget allocated for vessels and gear may not be utilized.
- In response to confirmation by DFO that the notional allocation provided is for access only and does not include the budget for vessels and gear, the suggestion was made that it should be included in the notional allocation as that would allow First Nations to decide what they want to use that funding for.
- Additional suggestions were also made regarding the potential for including vessel and gear in the access relinquishment application process. Participants proposed that the application include a section that licence/quota holders could check if they are willing to sell vessels and/or gear. That information could then be made available to First Nations, who could contact and negotiate with applicants directly.
- Participants expressed an interest in utilizing existing vessels and gear whenever possible.
- The importance of knowing what vessels exist in a community in helping to inform which licences would work in a community was acknowledged.

Long-term Distribution of Access:

- The remainder of the workshop was spent discussing potential long-term distribution criteria and the process to-date.
- DFO representatives clarified that once decision notes are approved internally, a notional allocation is provided to applicants to help inform their business planning. The notional allocation is a value only and species are not identified as part of the amount.
- Multiple considerations regarding distribution were identified by DFO representatives, including:
 - There are currently 20-25 groups participating in PICFI
 - Want to encourage diversity and support viability
 - Area considerations?
 - Population considerations?
 - How to maximize vessel use?
 - How much can licences be moved around?
 - Best buys come through packages, but if married, currently cannot be split.
 - Adjacency and stacking issues must be considered.
 - Matching up vessel length and licence types is a challenge.
 - A range of Nations in each aggregate and a range of populations.
 - Crab and prawn licences are of interest, but do not have many of those available.

- Many additional considerations were also discussed, including:
 - Proposal that salmon be split by populations
 - First Nation adjacency to resources be used as a distribution consideration, along with population
 - Strength of claim to be considered as part of the process, so it must be done in a way that addresses rights and title and treaty approach
 - Need to ensure licences fit size of communities
- Four distribution factors for consideration were then proposed:
 - Respect for resources available in each Nations' territory;
 - Deal with salmon separately;
 - Consider populations of First Nations in region; and
 - Consider abundance of available resources and where they are being extracted from
- In regards to the process itself, concern regarding length of EOI evaluation period, lack of sufficient information and tools to develop business plans and the need to take advantage of fall/winter to prepare for fisheries in the spring were identified.
- Participants identified challenges associated with the timing of the process to-date and expressed concerns that the ship-yard season will be missed and, with it, the opportunity to undertake vessel and gear repairs and updates.
- Participants also expressed concern regarding changes to the Initiative since original meetings were held and regarding the length of time before permanent distribution is put in place.

Advice/Considerations by participants:

- General support for maintaining the approach on value for money
- Consider other access options/tools available for future rounds of relinquishment
- Acquire more sablefish licences and quota
- Explore options for flexibility regarding vessel and gear allocation, including suggestion that it be included in the notional allocation for use by First Nations at their discretion
- Consider providing resources for First Nations to acquire licences and/or vessels and gear directly from the open market
- Consider licences by First Nation territory and work to match available licences to capacity of First Nations
- Consider providing use of a substantial portion of the notional allocation for the upcoming season to those First Nations currently in the process
- Recommendation that the Michelle James report be updated, in order to provide an independent analysis of the First Nations fishery
- Challenge licence constraints and look at flexibilities, including potential for splitting licences to allow for viable small-scale fisheries.
- Essential for communities' success that the program is extended and expanded
- Need a two-way, ongoing exchange of information between DFO and the group of PICFI participants
- Must see accountability from DFO
- Meeting was useful and laid the groundwork for further discussion with the broader group

Action Items:

- DFO will provide average values that have been paid for access to-date, in order to help inform business planning and future access relinquishment proposals.
- DFO will explore options for adding an additional category to the access relinquishment application for vessels and gear, in advance of the next access relinquishment round
- PICFI participants will advise if they would like to participate on the Access Relinquishment Team
- DFO will work with the FNFC to hold a follow-up access and distribution workshop with a broader group of First Nations
- DFO will draft and distribute Meeting Record to PICFI participants

Workshop Attendees:

Roy Alexander (Ahousesat First Nation/WCVI Aboriginal Fisheries)
Thomas Alexis (UFFCA/TI'azt'en Nation/FNFC)
Brian Assu (A-Tlegay Fisheries Society)
Angela Bate (DFO)
Michael Bonshor (Musgamugw Territorial Marine Management Society)
Marion Campbell (Ahousesat Fishing Corporation)
Steve Carpenter (Heiltsuk)
Tyler Collie (DFO)
Ken Cripps (Kitasoo/Nuxalk/Heiltsuk/Wuikinuxv)
Chris Cook (Namgis First Nation)
Alex Gagne (FNFC)
Dan Gillis (Sechelt Indian Band)
Larry Greba (Coastal First Nations)
Bob Guerin (Musqueam First Nation)
Don Hall (Nuu-chah-nulth Tribal Council)
Kim Hardy (Ecotrust)
Violet Hill (Native Fishing Association)
Roy Hinder (Namgis First Nation)
Rob Hughes (Lax Kw'alaams Band)
Les Jantz (DFO)
Russ Jones (Haida Nation/FNFC)
Stacey Martin (DFO)
Dale Michie (DFO)
Saul Milne (FNFC)
Dave Moore (Harrison Fisheries Authority-Chehalis & Scowlitz)
Rob Mortin (Pauquachin & Tartlip First Nation)
Elan Park (DFO)
Colin Pennier (Scowlitz First Nation)
Deborah Phelan (DFO)
Rita Purdon (DFO)
Sid Quinn (Sechelt Indian Band)
Sid Sam Sr. (Ahousesat Fishing Corporation)
Tracy Sampson (Nicola Tribal Association)
David Schmidt (Quatsino First Nation/Gwabalish PICFI Group)
Bill Shepert (Lax Kw'alaams Band)
Barb Snyder (DFO)
Michelle Thut (T'Sou-ke Nation)
Gary Ullstrom (Namgis First Nation)
Eva Wilson (Pauquachin & Tsartlip First Nation)

Contact:

Tyler Collie
A/PICFI Manager
200-401 Burrard Street
Vancouver, BC V6C 3S4

(604) 666-6622
tyler.collie@dfo-mpo.gc.ca