



Pacific Region Licensing Rules: Options for Change

Discussion Paper

September, 2010

Background

Licensing is a central tool in the management and control of fisheries in Pacific Region. A commercial licence grants access to a fishery and authorizes harvest activity. It is the control used by the Department of Fisheries and Oceans (DFO) to pursue management objectives as linked to the licence conditions released with issuance of a licence.

Licensing rules have been established over the years to outline the regime for licensing decisions and administration. The creation, modification and enforcement of licensing rules have been developed through established regional fisheries management processes dating back to the 1970's. Rules enforcing length restrictions and marrying of licences were established to maintain fleet capacity and limit catch and effort. Since that time there have been many changes to the management of specific fisheries, introducing other management practices to control effort (limited entry, area/gear restrictions, individual quota, pooling arrangements, limited openings). Over the last decade, co-management approaches have also been developed in many fisheries and led to a sharing of responsibilities between DFO and advisory groups in dealing with a variety of decision-making processes.

DFO frequently receives requests from commercial and communal commercial harvesters, First Nations, industry advisory groups and licence holder associations, for more flexibility and consistency in the application of DFO's licensing rules, particularly those which impose limits on vessel replacement and or vessel designation. The current licensing regime is restrictive, leading to one-off decisions made within existing management processes to respond to operational conditions, management and sustainability objectives of individual fleets/fisheries. Licensing rules are complex and inconsistently applied between fisheries. In particular rules around vessel length restrictions are modified depending on the management approach in a particular fishery, which may result in implications for other fisheries and concerns about inequities. This leads to questions about the continued relevance of some licensing rules to current fisheries management practices.

From a government point of view, there is a high governance and administrative burden associated with application of existing rules and an over dependence to monitor compliance and enforce licensing rules. Exceptions are generally referred to the Pacific Region Licence Appeal Board (PRLAB) for review and recommendation to the Minister, who makes the final decision.

DFO undertook an internal review of existing licensing rules in 2008/2009 to explore options for change to modernize licensing rules to reduce the level of complexity and

accommodate changing management and sustainability requirements. The review also identified opportunities to streamline administrative processes and improve client service and effectiveness. To that end, the review:

- assessed the continuing relevance of current licence rules; and
- identified opportunities to simplify, standardize and amend or eliminate rules where warranted.

As a result of the review, the Pacific Fishery Licence Unit has proceeded with amendments to administrative processes for vessel registration and salmon stacking applications.

Effective September 01, 2010, the application to register a new commercial fishing vessel will no longer require the submission of a survey done in accordance with DFO Vessel Measurement Guidelines. For vessels not previously registered with Fisheries and Oceans Canada (DFO), the overall length indicated on Transport Canada documents will be recorded. In order to maintain records on overall length for effective management and issuance of licences, the Department has established Maximum Vessel lengths (MVL's) for all licence eligibilities in limited entry fisheries where MVL's do not currently exist. There is no change to already established MVL's.

In addition, stacking of commercial salmon licences is now permitted at any time during the licensing year.

Purpose of this document

To address concerns already raised by industry and to achieve a more modernized operational licensing framework in Pacific Region, the department is considering additional changes to licensing rules. Input from industry is being solicited on four specific options for rule changes. This document is intended to generate discussion and industry input into a collaborative analysis of options for licensing rule changes.

The following options are being considered:

- allow more flexibility with respect to vessel length restrictions for licences in Individual Quota (IQ) fisheries
- allow increases for vessel replacement restrictions and/or designations for licences in non-IQ fisheries;
- proceed with regulatory reform for Schedule II species; and
- allow separation of married licences with rules.

The department welcomes proposals from interested parties on these or other suggested options.

It is the Department's intent to evaluate the feedback received from this paper against the guiding principles outlined below, and discuss proposals for changes to licence rules through existing sectoral advisory committees over the course of the next year. The

evaluation process will consider the impacts on fleet viability and other socio-economic impacts of any rule changes on the affected industry participants.

Individual licence holders and vessel owners are encouraged to work with their sectoral committee to provide further input and proposals in response to this paper. While additional broader licensing rules and questions may be raised, discussion of other rule changes in addition to the options proposed is beyond the scope of this document.

Framework for evaluation of proposed changes

A key part of DFO's [Fisheries Renewal](#) agenda is the reform of Fisheries Management Licensing Policies. The ultimate goal of this reform initiative is to create a coherent and transparent national licensing framework with clear principles and objectives that promotes effective management of the fisheries resource in support of long term sustainability, economic prosperity and recognizes regional / fishery differences.

Evaluation of proposed changes to existing licensing rules will be guided by the following principles:

- Consistent with DFO's mandate:
 - economically prosperous marine sectors and fisheries,
 - sustainable aquatic ecosystems,
 - safe and secure waters
- Foster greater economic viability and prosperity of the fishery sector without placing additional pressure on fisheries resources and promote an integrated and competitive fishing sector.
- Open process – changes to licensing rules will be made in an open, transparent and inclusive manner
- Minimize the complexity – changes to licensing rules that will streamline and provide consistency across fleets

Changes should support the principle that fish are a common property resource, and are managed for the benefit of all Canadians, consistent with conservation objectives, national and international commitments while respecting Aboriginal and treaty rights of First Nations.

Options for Change

1. Vessel Designation and/or Vessel Replacement Rules

All commercial and communal commercial fisheries have restrictions on the length of vessels that may be used for harvesting. Limited entry licensing programs, led to the implementation of vessel replacement restrictions to limit carrying and harvest capacity. In the salmon fishery for example, initially restrictions focused on the registered net tonnage of vessels and evolved to a foot for foot replacement rule which restricts replacement vessels to the same overall length or smaller than the vessel being replaced. Similar vessel

replacement restrictions were applied in other fisheries as new limited entry licensing programs were introduced.

The rules on vessel replacement for vessel-based licences and vessel designation for party-based licences are inconsistent – in some cases a licence is limited to the length of a smaller replacement vessel and in others it maintains the original length. Where vessels hold multiple licences in a number of fisheries, each with different restrictions, the situation becomes more confusing and meeting vessel length restrictions has become a significant issue.

Vessel length restrictions have been relaxed in IQ fisheries, while for fisheries where quota management is not in place (e.g. crab, shrimp trawl, shrimp and prawn by trap, Schedule II) or managed by IQs on a demonstration basis (e.g. salmon), there is no flexibility.

As other management measures such as quota management, trip limits, catch and gear restrictions and limited entry licensing can be used to limit fishing effort to conserve the resource while promoting economically viable fisheries, it is appropriate to consider options for increased flexibility regarding vessel replacement rules. Exemptions to licensing vessel replacement and vessel designation rules to address specific situations remain the most common issue raised in the appeal process.

Proposal:

150 % increase in length or elimination of vessel replacement rule in all fisheries managed by individual quota (IQ)

- Allow up to 150% increase for vessel length restrictions in all fisheries managed by IQ (halibut, rockfish, sablefish) consistent with rules already in place for the groundfish trawl and geoduck fisheries
- Consider phased elimination of length restrictions for fisheries managed by IQ.

Proposal:

Up to 130% or 150% increase in length for vessel designations and/or vessel replacement rules in fisheries not managed by quota

Allow 130% or more increase in length for vessel replacements and/or designation for licences in non-quota fisheries (salmon, crab, shrimp trawl, prawn and shrimp by trap, Category C, eulachon) while maintaining other restrictions on limiting effort for proper management (ie. gear limits)

2. Separation of vessel-based licence eligibilities and Schedule II rules

As more fisheries became limited entry, the concern over separating licences and placing them on two or more single purpose vessels had the potential to increase capacity in each

fishery. The department developed a policy on marrying of licences to address this concern by limiting the size of the total fleet operating in all vessel licensed fisheries.

With IQ management or some other limitation on harvest, this restriction on licence separation is perceived as serving little purpose and little relevance to conservation or other management objectives. Fisheries have evolved and the vessel replacement rules regarding separation of married licences and relinquishment of Schedule II privileges are inconsistent.

In fisheries managed by IQs, rules have been modified to allow separation while not creating additional Schedule II privileges. Separation of vessel-based licences held by a vessel is not currently permitted in other fisheries, not managed by IQ's.

The Pacific Integrated Commercial Fisheries Initiative (PICFI) maintains this rule in consideration of applications for relinquishment of vessel based licence eligibilities, however licences acquired through the Department's Allocation Transfer Program may be separated when distributions are made under Aboriginal Fisheries Strategy (AFS) agreements.

Fish harvesters frequently request exemptions to this rule to allow maximum flexibility and to adjust fishing operations.

Proposal:

Separation of vessel-based licence eligibilities with rules to prevent creation of additional Schedule II privileges

Allow separation of licence eligibilities in non-IQ fisheries with Schedule II proviso consistent with groundfish trawl and geoduck fisheries. For example a licence eligibility may be separated from other licence eligibilities and placed on a Canadian commercially registered fishing vessel that does not exceed the maximum vessel length. Where the receiving vessel does not already hold a vessel based licence eligibility, the Schedule II privileges associated with the eligibility are relinquished so no additional fishing pressure is created.

3. Removal of Schedule II species and creation of separate licence categories

Since 1969, a number of species have been removed from Schedule II of the *Pacific Fishery Regulations*, or the Category "C" licence and issued as separate licence categories to allow for effective management and control of these fisheries. Remaining Schedule II species include: spiny dogfish, lingcod, Pacific cod, sole and flounder, skate, green sturgeon, smelt and tuna. Any vessel based licence (e.g. salmon, geoduck, sablefish, halibut, crab, shrimp trawl, groundfish trawl or prawn and shrimp by trap; communal commercial licences for the same species or category N) authorizes the harvest of Schedule II species commercially. All of the commercial licence eligibilities for these fisheries are limited entry and vessel based, with the exception of communal commercial eligibilities which are party based. There are also approximately 500 category C (Schedule II) vessel based licences for those vessels not holding any of these other licences that authorize harvesting of Schedule II species.

Maintaining Schedule II privileges presents challenges for development of management measures specific to individual fisheries and has complicated management of these fisheries. There is a perception of latent capacity with all vessels holding vessel based licences having the potential to participate in some of the fisheries without the control of a specific licence category (i.e. Tuna). Harvesters have expressed concerns that the existing Schedule II regulatory framework impedes fishery specific viability. Schedule II privileges associated with other vessel based licences are subject to the vessel replacement restriction that applies to those licence eligibilities, resulting in inconsistencies. Also, vessels active in dogfish, lingcod and tuna fisheries must comply with rules applicable to the vessel based licence authorizing harvest.

Proposal:

Remove all remaining species from Schedule II and create one or more licence categories, then eliminate the Category C licence for Schedule II species.

There is currently management controls in place for the smelt fishery under a separate Z category licence as a limited fishery. There is no green sturgeon fishery and it is expected to continue to be harvested for recreational use only.

In conjunction with the Groundfish Commercial Industry Caucus (CIC), DFO developed a proposal to remove all groundfish species from Schedule II and create an unlimited entry, party-based, category "Z" licence.

DFO has initiated discussions with the tuna industry on developing a new licensing framework. The proposed framework would include the creation of limited entry domestic and international tuna specific licence(s). No changes to the USA 68 licensing and management framework are being proposed.

A regulation change is required for removal of all remaining Schedule II species and creation of any new licence categories.

How to provide feedback or proposals- YOUR OPINION COUNTS!

This document has been broadly distributed and is also available on DFO's website at:
<http://www.pac.dfo-mpo.gc.ca/consultation/fisheries-peche/index-eng.htm>

Attached is a feedback questionnaire which we urge you to utilize to provide your comments on these proposals or suggest relevant alternate proposals.

Completed questionnaires should be returned to:

Pacific Fishery Licence Unit
#200 – 401 Burrard Street
Vancouver, BC Canada V6C 3S4
Email: PFLU@pac.dfo-mpo.gc.ca
Fax: (604) 666-5855

PACIFIC REGION LICENSING RULES: OPTIONS FOR CHANGE FEEDBACK QUESTIONNAIRE

(Please indicate your response to each question by checking yes or no, add your comments below each section or complete and attach a separate document with your comments or other input).

Optional: Please provide your contact information below:

Name: _____

Vessel/Licences: _____

Address/Email: _____

Questions:

1. Vessel Designation and/or Vessel Replacement Rules

- a) Do you support allowing 150% flexibility for vessel lengths in all fisheries managed by individual quota?

☐ Yes

☐ No

If no, why not?

- b) Do you support the elimination of length restrictions in all fisheries managed by individual quota?

☐ Yes

☐ No

- c) Do you support allowing 130% or up to 150% in flexibility in all fisheries not managed by individual quota?

☐ Yes

☐ No

☐ 130%

☐ 150%

Please explain how allowing greater flexibility for vessel replacements and/or designations would affect your fishing operation.

- d) Do you have other options for consideration by the department to achieve flexibility? Agreeable, not agreeable (please explain why). Please provide us with any suggested proposals.

2. Separation of vessel-based eligibilities and Schedule II rules

- a) Do you support allowing the separation of vessel-based licences?

☒ Yes

☐ No

Please explain how this change would support your ability to adjust your fishing operation.

- b) Do you support the relinquishment of schedule II privileges in conjunction with allowing the separation of vessel-based licences?

☒ Yes

☐ No

If your answer is no, please explain.

- c) Are there other licensing practices/rules that are linked to this rule that will have impact on you that should be considered?

3. Removal of Schedule II species and creation of separate licence categories (Spiny Dogfish, Skate, Sole and Flounder, Lingcod, Pacific cod, Tuna, Sturgeon, Smelt)

a) Do you support the creation of separate licence categories for the species noted through regulatory change?

☐ Yes

☐ No

Please explain how this change would impact your fishing operation?

b) For the species you are involved in harvesting, would it make more sense in your view for DFO to consider a party based licence or vessel based licence?

☐ Party

☐ Vessel

c) Please include any suggested proposals on how a plan for Schedule II reform could be developed to have a positive impact on the fisheries you are involved in harvesting.

- d) Are there other factors the department should consider when creating a plan for Schedule II reform?

4. Other:

Do you have any other comments or suggestions regarding options for change for Pacific Region Licensing rules?

Completed questionnaires should be returned to:

Pacific Fishery Licence Unit
#200 – 401 Burrard Street
Vancouver, BC Canada V6C 3S4
Email: PFLU@pac.dfo-mpo.gc.ca
Fax: (604) 666-5855

Please submit your input by October 30, 2010. Results will be compiled and shared through established advisory processes.

This document and questionnaire are also available at: <http://www.pac.dfo-mpo.gc.ca/consultation/fisheries-peche/index-eng.htm>

For additional information on this review process contact Andria Charette at the Pacific Fishery Licence Unit in Vancouver, 604-666-0566 or by email at PFLU@pac.dfo-mpo.gc.ca