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MEMORANDUM FOR THE REGIONAL DIRECTOR GENERAL

**2009 PLAN FOR VALUATION AND USE OF THE
DEPARTMENT'S UNALLOCATED COMMERCIAL SALMON LICENCES**

(Information Only)

SUMMARY

- The Department's inventory of unallocated salmon licences has increased to 156 commercial licences distributed across all eight commercial salmon fleets as a result of ongoing Departmental programs to buy back licences (TAB 1).
- In recent years the Department has used licences in inventory to provide commercial fishery access to First Nations via demonstration fisheries.
- For 2009, as in recent years, a key priority for unallocated licences will be to provide commercial access to First Nations for demonstration fisheries in inland areas. Any remaining unallocated licences would be available to provide individual commercial licences to coastal First Nations under the Allocation Transfer Program (ATP), to address specific needs for additional commercial salmon shares in priority areas (e.g. Cowichan, Goldstream or Lower Fraser), or could remain unused.

- *Review of the objectives of the access programs is proposed in PICFI workplan*

Background

- The Department's inventory of unallocated salmon licences has increased to 156 commercial licences distributed across all eight commercial salmon fleets as a result of ongoing Departmental programs; primarily the ATP and the Pacific Integrated Commercial Fisheries Initiative (PICFI) programs to buy back licences from existing commercial licence holders (TAB 1).
- Licences acquired by ATP in recent years have primarily been retained in the Departments' inventory to provide for First Nations inland demonstration fisheries. However, coastal First Nations have expressed interest in obtaining additional commercial salmon licences through the program.

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- PICFI is relinquishing licences from existing commercial licence holders to increase First Nations participation in all commercial fisheries, including in-river commercial access to salmon for inland First Nations. Licence relinquishments have been undertaken over the last two years and access has been used to support demonstration fisheries. Lessons learned will help inform development of PICFI expressions of interest and business plans that will provide licences to First Nations for commercial fishing enterprises.
- DFO is continuing to advance Pacific Fisheries Reform and share-based management approaches for commercial salmon fisheries in 2009 by working with willing commercial fleets and First Nations to develop demonstration fishery projects.
- As in previous years, demonstration fisheries are planned for a limited number of First Nations to experiment in more terminal areas (including the Fraser, Skeena and possibly the Nass systems) on abundant stocks. These fisheries will be conducted separately from food, social and ceremonial fisheries, under the same priority and similar rules as the commercial fishery, and fish harvested will be offset with licences relinquished from the commercial fishery.
- In addition, some First Nations in coastal areas have requested additional commercial salmon opportunities (including Cowichan, Goldstream and Lower Fraser). For Lower Fraser First Nations, Departmental staff are planning to negotiate comprehensive fisheries agreements and a separate memorandum has been provided (MECTS #2009-502-00121). Demonstration fishery proposals from Lower Fraser groups (e.g. Chehalis/ Scowlitz) will be considered as part of the negotiations for comprehensive fisheries agreements rather than separately as a demonstration fishery. Separate briefing materials will be provided for requests in existing commercial fishing areas, such as Cowichan.

Analysis / DFO Comment

- A widely accepted methodology for valuing commercial salmon licence shares for transfer to First Nations has not been established. However, recent demonstration fisheries with several commercial fleets and the Skeena inland demonstration fishery have established general acceptance for several guidelines:
 - For individual transferable quota (ITQ) demonstration fisheries carried out in four commercial fleets, every commercial licence in the fleet has received an equal percentage share of the total allowable catch (TAC).
 - For the Skeena inland demonstration fishery, there is agreement between commercial and First Nations harvesters that transfers of the Skeena sockeye TAC from the commercial seine fleet should be based on an equal percentage share of the TAC for all licences in the fleet. The 2009 IFMP outlines the same approach for the Area C gill net fleet, in accordance with the views of the Area C harvest committee.
 - Licence shares for each commercial salmon licence demonstration project are expressed as a percentage share of the available TAC, and not a fixed number of salmon, to account for in-season changes in the TAC.

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- The Department has used the guidelines outlined above to assign shares to unallocated commercial licences for transfer to First Nations.
- The current unallocated licence fractional shares of the commercial TAC are outlined in TAB 2. Shares of the commercial TAC vary by species depending on the number of commercial licences in each licence area and commercial allocation arrangements between commercial fleets.
- This approach is consistent with the approach used to determine the mitigation required for the Tsawwassen Treaty.
- Proposed commercial shares for First Nations demonstration fisheries are outlined in TAB 3. For 2009, as in recent years, the key priority will be to use unallocated commercial salmon licences to provide commercial access to First Nations for demonstration fisheries in inland areas including the Fraser, Skeena and Nass watersheds.
- Remaining commercial shares from unallocated licences in TAB 3 would be available to provide individual commercial licences to marine First Nations under the ATP to address specific needs for additional commercial salmon shares in priority areas, or could remain unused.
- An alternative approach to mitigation would be to adjust shares to reflect the specific populations of stocks being harvested in inland areas. If this approach is taken, higher percentage sockeye shares would be required to deliver the same quantum of fish from marine to inland areas (TAB 3). Sufficient unallocated licences are available to mitigate sockeye demonstrations using the adjusted approach with additional licences remaining unallocated (TAB 4).
- Some First Nations, commercial harvesters, processors, and environmental groups will argue that salmon shares on selected stocks in more terminal areas should not be based on an aggregate commercial TAC, but instead be based on shares of the specific populations or stocks in those areas to meet conservation objectives. These groups will likely support using adjusted shares of Fraser sockeye as the basis for mitigation.
- Commercial salmon harvesters have requested that the Department provide a transparent accounting of the total number of unallocated licences that are held by the Department and a description of how these licences have, and will be, used to mitigate increased First Nations commercial fisheries opportunities.
- First Nations, recreational and commercial harvesters have also asked for further consultation regarding the potential fishery implications of moving to a share-based management framework for salmon fisheries.

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Next Steps

- First Nations that have requested demonstration fisheries in inland areas will be provided commercial fishing opportunities with fixed shares of the commercial TAC up to the maximum percentages outlined in TAB 3. These projects have either been approved in the North and South Coast Integrated Fishery Management Plans for Salmon or a decision note (e.g. Gitanyow demonstration request for Nass sockeye) has been submitted for approval.
- Additional shares remaining from unallocated licences could be used to support other First Nations commercial fishing opportunities or left unallocated. Separate briefing material will outline how additional remaining shares may be used.
- Department staff will provide stakeholders with a summary of the unallocated commercial salmon fishery licences held by the Department and the interim shares of the commercial TAC that were assigned to demonstration fishery projects for planning purposes in 2009.
- Additional analysis, review and consultation will be required to further develop a share-based management framework of salmon fisheries, including methods for assigning percentage shares to commercial licences. This will be part of the Integrated Share-based Salmon Fishery discussion paper. First Nations, recreational and commercial harvesters will be consulted on the development of the framework.
- Communications products are being developed to respond to requests for information on First Nations demonstration fishery projects.


Susan Farlinger

Attachments (4)

TAB 1 Summary of the Total Number of Commercial Salmon Licences Held in DFO Inventory by Program and Licence Area

TAB 2 Summary of Shares of the Commercial TAC by Species for Commercial Salmon Licences in DFO Inventory

TAB 3 Planned First Nation Demonstration Fishery Shares and Remaining Unallocated Shares

TAB 4 Summary of the Commercial Salmon Licences Held in DFO Inventory Required to Mitigate Demonstration Fishery Projects

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Tab 1 Summary of the total number of commercial salmon licences held in DFO inventory by program and licence area. This summary excludes licences retired from the commercial fleet during previous buyback programs or for specific purposes (e.g. Nisgaa and Tsawwassen Treaties, Heiltsuk Reconciliation).

Breakdown by Program	ATP	PICFI	AAROM	BLR	TOTAL DFO	TOTAL LICENCES
Salmon - Gillnet	43	39	8	0	90	1406
Salmon - Seine	7	11	7	4	29	276
Salmon - Troll	5	30	0	2	37	538
Totals:	55	80	15	6		
Total Number of Salmon Licences (All Programs):					156	2220

Breakdown by Area						
North Coast	Licences					Total NC
	Gn		Sn	Troll		
	Area C	Area E	Area A	Area G	Area F	
	29		11		20	60
South Coast	Gn		Sn	Troll		Total SC
	Area D	Area E	Area B	Area G	Area H	
	31	30	18	6	11	96
TOTAL COASTWIDE	Gn		Sn	Troll		TOTAL
	90		29		37	156

Tab 2 Summary of shares of the commercial TAC by species for commercial salmon licences in DFO inventory. This summary excludes licences retired from the commercial fleet during previous buyback programs or for specific purposes (e.g. Nisgaa and Tsawwassen Treaties, Heiltsuk Reconciliation).

Species	Departmental Licence Inventory by Area								% Share of Commercial TAC	# Pieces based on pre-season CTAC
	A	B	C	D	E	F	G	H		
South Coast										
Fraser River Sockeye		18		31	30		6	11	9.6%	340,000
Fraser River Pink		18		31	30		6	11	10.1%	870,000
South Coast Chum		18		31	30		6	11	10.0%	50,000
Fraser River Chinook						20				2,000
North Coast										
Skeena River Sockeye	11		24						5.3%	20,000
Skeena River Pink	11		24						9.0%	40,000
Nass River Sockeye	0		5						0.6%	1,000

Note: For mixed-stock chinook fisheries in AABM areas, the average proportion of the chinook TAC originating in specific Canadian watersheds (e.g. Fraser) was used to establish licence shares available for transfer to specific inland areas; chinook returning to the U.S. and other watersheds were not included in the share.

Tab 3 Planned First Nation Demonstration Fishery Shares and Remaining Unallocated Shares in % of commercial TAC (Table A) and pieces (Table B)

Table A: Percentage shares of total commercial TAC. Adjusted Fraser River sockeye shares reflect the increased percentage required to deliver the same quantum of fish from a marine area to a more terminal area on a stock specific basis. Unadjusted shares reflect mixed stock shares required (i.e. not stock specific).

Demonstration Project Proponent	Planned fractional share of the Commercial TAC by Species														
	South Coast					North Coast									
Target FR Sockeye Stocks as % of total in marine area	Share multiplier for 1:1 marine vs. target stock harvest	Unadjusted		Adjusted		Fraser River		Fraser River		Fraser River					
		Fraser River Sockeye	Fraser River Sockeye	Fraser River Sockeye	Fraser River Sockeye	Chinook	South Coast Chum	Skeena River	Skeena River	Skeena River	Nass River Sockeye				
Northern Shuswap Tribal Council	33.80% ¹	2.96	1.4%	4.1%											
Sewepmc Nation Fisheries Commission	82.03% ²	1.22	0.3%	0.4%	0.5%	5.5%									
Siska First Nation	8.76% ³	11.41	0.2%	1.7%	0.4%	0.8%									
Lheidli T'enneh First Nation	9.45% ⁴	10.58	0.3%	2.6%											
Carrier Sekani Tribal Council															
Tsilhqot'in National Government	39.47% ⁵	2.53	0.3%	0.8%											
North Coast															
Skeena Fisheries Commission										5.3%				9.0%	
Inland Fishery															
Gitan'yow Economic Fishery															
Sub-total			2.4%	9.6%	0.9%	0.0%	0.0%	6.3%	7.0%	5.3%	9.0%	0.6%	0.6%	0.6%	0.6%
Total Available			9.6%	9.6%	10.1%	10.0%	10.0%	7.0%	7.0%	5.3%	9.0%	0.6%	0.6%	0.6%	0.6%
Remaining unallocated shares			7.2%	0.0%	9.3%	10.0%	10.0%	0.8%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

¹ Target stocks: Quesnel
² Target stocks: Summer run (Chilko, Stellako, Late Stuart, Quesnel)
³ Target stocks: Stellako and Late Stuart
⁴ Target stocks: Nadina, Stellako and Late Stuart
⁵ Target stocks: Chilko

Table B: Shares as pieces based on the pre-season forecast of total commercial TAC.

Demonstration Project Proponent	Approximate shares in pieces of salmon based on pre-season forecast									
	South Coast					North Coast				
	Unadjusted Fraser River Sockeye	Adjusted Fraser River Sockeye	Fraser River Pink	Fraser River Chum	South Coast Chinook	Fraser River Sockeye	Skeena River Sockeye	River Pink	Skeena River Sockeye	Nass River Sockeye
South Coast										
Northern Shuswap Tribal Council	49,000	49,000								
Sewepmc Nation Fisheries Commission			43,000		1,500					
Siska First Nation	11,000	11,000	30,000		200					
Lheidli T'enneh First Nation	5,000	5,000								
Carrier Sekani Tribal Council	9,000	9,000								
Tsilhqot'in National Government	11,000	11,000								
North Coast										
Skeena Fisheries Commission							21,000	42,000		
Inland Fishery										1,000
Gitaryow Economic Fishery										
Sub-total	85,000	85,000	73,000		1,700					
Total Available	336,000	336,000	867,000	49,000	2,000					
Remaining unallocated shares	251,000	251,000	794,000	49,000	300					

Tab 4 Summary of the Commercial Salmon Licences Held in DFO Inventory Required to Mitigate Demonstration Fishery Projects.

Licences required for mitigation shown in the table is based on adjusted shares for Fraser River sockeye. The number of unique licences required assumes unused shares for specific stocks not required in one First Nation demonstration project can be used to mitigate for different stocks harvested in other demonstration projects.

Licence Type	Total		
	DFO Inventory	Unique Licences Required	Remaining in DFO Inventory
B	18	12	6
D	31	19	12
E	30	15	15
G	6	0	6
H	11	6	5
A	11	11	0
C	29	24	5
F	20	19	1
Total	156	106	50