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Your File Votre référence

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Our File Notre référence

Dear Mr. Akearok:

I would like to thank Board staff for meeting with DFO officials in November 2016 to continue our efforts for effective communications and processes related to the allocation of Nunavut's share of commercial marine resources to Nunavut fishing enterprises.

I understand the discussions were helpful and you have asked for some clarification on DFO's comments and proposals raised at the meeting related to the Board's *Allocation Policy* and procedures. For ease of reference these are itemized below:

1. Proportional allocation of increase/decrease to TAC and consideration for new entrants.
2. Multi-year allocations vs fixed shares.
3. Application process when Nunavut's share is increased regardless of allocation term.

First, I would like to note that for allocations inside the Nunavut Settlement Area (NSA), DFO will continue to work with the Board and other partners in implementing the management regime set out in Article 5 of the Nunavut Agreement. DFO will also continue its collaboration with the Board on interim approaches for the management of the shrimp fishery within the NSA while discussions on the Nunavut Fisheries Regulations proceed.

For allocations outside the NSA, the following aims to further clarify DFO's views and suggestions on the above topics. DFO officials can be available to further discuss these suggestions with the Board and others at the next *Allocation Policy* workshop.

1. DFO would be supportive of proportional increases/decreases to Nunavut enterprises based on the sharing arrangement decided by the Minister for the time period identified within the Ministerial decision. DFO noted in the November 2016 meeting that the Nunavut commercial fishing fleet has evolved significantly over the past decades and currently all Qikiqtaaluk regional communities and/or Hunters and Trappers Organizations are represented at some level in at least one of the existing fishing enterprises.

As such, there are no genuine prospects for expansion of viable new entrants to the commercial marine fisheries. That being said, we appreciate that the current enterprise structure could potentially change in the future (e.g. an enterprise may want to branch off into two independent groups or some may consider merging together to create a new entity). We are also aware of the interest group in the Kivalliq region that is pursuing commercial fisheries allocations. In our view, consideration of allocations for a new entrant can be considered as warranted at any time beginning with a consultative and advisory process just as the Board has undertaken for the allocation of Nunavut's share of Greenland halibut and shrimp outside the NSA. Sharing amongst Nunavut enterprises can be adjusted in accordance with the associated Ministerial decision.

2. DFO is aware that stability in allocation is important to Canadian fish harvesters including Nunavut commercial fishing enterprises. In each of the allocation processes since 2013, the Board has recommended allocations for a specified multi-year period. However, in each of these processes, DFO heard concerns from industry regarding the Boards processes which for example included: potential conflict of interest, biased evaluation of applications, and evaluation against new/unknown criteria. In addition to the Board's advice, the Minister gives consideration to industry views and other relevant information in exercising his/her discretionary powers under the *Fisheries Act* to allocate fish. As a result, past Ministerial decisions have varied the allocation term and allocations from that recommended by the Board in each process.

It is important to DFO to have confidence that the Board's recommendations are based on a consistent, unbiased and fair process. As such, DFO is suggesting the creation of an expanded Fisheries Advisory Committee (FAC) panel to recommend fixed/permanent shares between the existing Nunavut fishing enterprises. While the shares would generally be considered as fixed/permanent, the Minister, as always, would retain the discretion to adjust the shares. Instituting fixed/permanent shares would mean that allocations to Nunavut enterprises would be adjusted proportionally whenever there are increases or decreases to Nunavut's share of the commercial resource, subject to the Minister's discretion. Also, periodic Board Allocation processes to advise on the allocation of Nunavut's share of the commercial marine resources outside the Nunavut Settlement Area for short term periods (eg. 5 years) would no longer be required. Additional external reviewers on the FAC would enhance the confidence of all parties in the Board's allocation process.

In our view, this suggested approach would allow for increased stability in allocations and provide much more time for harvest planning as enterprise allocations could be made available as soon as the TAC decision is announced. As noted above, consideration of new entrants could be considered at any time.

It should be noted that DFO is proposing fixed/permanent sharing at the Nunavut enterprise level only; commercial fisheries allocations to Nunavut will continue to take into account obligations under the Nunavut Agreement.

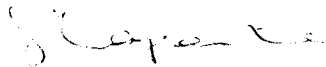
3. In DFO's view, when the Minister decides the allocation for a defined multi-year allocation term, that sharing arrangement should remain in place for the duration of the term. As you are aware, the previous Minister indicated in his May 24, 2016 letter to maintain current (2015) distribution levels for Greenland halibut for 2016 and 2017.

"For the allocations, I have agreed to maintain all allocations for Greenland halibut at current distribution levels for 2016-2017..... Nunavut enterprise allocations will be subject to any changes in respective TACs during the two year term."

Consequently, in accordance with the Minister's decision, the recently announced increase to Nunavut's share of turbot in 0A and 0B for 2017 should be allocated to Nunavut enterprises according to the percentage shares in place at the time of the May 24, 2016 decision. I understand that the Board's *Allocation Policy* specifies that when allocations to Nunavut are increased, an application process for Nunavut fishing enterprises will be necessary to distribute the increase regardless of the allocation term. In DFO's view, the current approach in the Board's *Allocation Policy* for allocation of increases to Nunavut, conflicts with the purpose and intent of multi-year allocations and would be contrary to the Minister's May 2016 decision. We would suggest that this section be reviewed or removed in consideration of the DFO's comments and suggestions here in.

I look forward to continuing to work with the Board on this important matter.

Sincerely,



Sylvie Lapointe
Acting Assistant Deputy Minister
Ecosystems and Fisheries Management Operations