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June 1, 2011

Sent via:
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Re: Request by southern consortium for seismic reflection survey approval offshore Baffin Bay and Davis Strait (Nunavut's adjacent waters, fishing areas 0A and 0B); summer and fall of 2011.

Dear Mr. Chair:

We are writing to you today to express our concern over the planned seismic work to be carried out in Baffin Bay and Davis Strait. The emerging fisheries in these areas for both turbot and shrimp are truly two of the last virgin fisheries to be developed anywhere in the world and we want to make sure that the growth continues in this area to the benefit of Nunavummiut. To provide you with a better understanding of the work we have done over the past few years to develop Nunavut's fishery in its adjacent waters we are documenting some of our successes.

Background - History of BFC

BFC is a not for profit company that was formed in 2001. It is a Coalition of 9 Inuit owned companies, located throughout Baffin Island. Its major role has been to develop Nunavut's offshore 0A turbot fishery sector and to maximize benefits to Nunavummiut. BFC has also become the major harvester of Nunavut's share of its adjacent 0A and 0B turbot resources, and shrimp in Shrimp Fishing Areas (SFA) 1, 2 and 3.

Through BFC's efforts the fishing industry in Nunavut obtained the critical mass required to purchase and operates its own fishing vessels. BFC now owns large factory freezer harvesting vessels.

In 2003 BFC formed Niqitaq Fisheries Ltd., (NFL) a wholly owned subsidiary of BFC to own and operate fishing vessels.

BFC has been successful in meeting its overall objectives because its members recognized that the new 0A turbot quota would best be used jointly for fisheries development purposes.

A summary of the objectives and results achieved by BFC and NFL are as follows:

Organization and Management: Since its inception, the BFC has maintained a solid core of members, primarily consisting of Hunters and Trappers Associations (HTA's). The BFC/NFL provides direct support to its members through annual royalty sharing, which have totalled \$4,335,000 over the past few years. Also, more than \$4,000,000 was invested in the provision of fish to the plant in Pangnirtung for further processing.

Research and Development: The BFC, in collaboration with other Nunavut stakeholders, especially the Fisheries and Sealing division of the Department of Environment has been a main driver behind science and research in Nunavut's adjacent waters. Since its formation, the BFC has directly invested over \$800,000 in research and development, leveraging another \$4.5 to \$5.0 million from other funding agencies, for a total investment of almost \$6,000,000 in exploratory fisheries projects. These investments have included cash investments and lobbying for the very important ongoing offshore surveys, which have formed the basis for subsequent turbot quota increases in both 0A and most recently, 0B. Over this period, Nunavut's annual turbot allocations in 0A have increased from 3,500 t in 2001 to 6,500 t in 2006, with Nunavut maintaining a 100% share of the total allocation. In 0B Nunavut's allocations have increased from 1,500 t in 2001 to 2,850 t for 2010, increasing Nunavut's total share of the 0B allocation from 27% to 41%. Investments have also been made in inshore winter turbot projects, which have helped improve the winter fishery; plus identifying new resources in fjords other than Cumberland Sound. The BFC has also been a strong supporter of the establishment and funding of the new industry-based Exploratory Fisheries Fund (EFF), and it will be the largest private sector contributor to that fund.

Training: The BFC also took the lead in supporting fisheries training initiatives for Nunavut's Inuit population. From 2002 to 2005, the BFC directly organized and implemented fishery training courses. The BFC was the primary driver behind the establishment of the Nunavut Fisheries Training Consortium (NFTC), which started in February of 2005. The BFC has spent and committed directly to \$1.4 million to training programs, helping leverage an additional \$10 million, from other sources. NFL/BFC continues to be a strong supporter of this program, both in the provision of funding and in employing trainees on its vessels.

Access and Allocations: The BFC has and continues to take a lead industry role in lobbying for increased access and allocations for the Nunavut fishing industry. Nunavut has yet to achieve its goal of reaching the full 80-90% share of its adjacent allocations. However lobbying efforts of industry, government and other stakeholders, and the

support for ongoing scientific surveys, have led to increases in turbot allocations in both Divisions 0A (100% of the increases to Nunavut) and 0B (90% of the increases to Nunavut). BFC also has taken a lead role in arranging for collaborative industry efforts to lobby for increased access and allocations; and has expressed its strong support for the development of an industry association to help with these lobbying efforts. Lobbying efforts have included regular participation at industry meetings such as: Northern Shrimp Advisory Committee (NSAC); Northwest Atlantic Fisheries Organization (NAFO); Fisheries Council of Canada (FCC); Department of Fisheries and Oceans (DFO) Regional Advisory Process (RAP) meetings for both shrimp and turbot, etc., and presentations to the Senate and Commons Fishery Committees, as well as Senior DFO Officials and Ministers.

Vessel Acquisition: In 2003, the BFC established Niqitaq Fisheries Ltd. (NFL) as a for-profit arm of the company, to invest in the equity ownership and operation of fishing vessels. A direct cash investment of \$3.0 million has been made by NFL/BFC as equity into vessel ownership. This investment was the first equity ownership ever achieved by a Nunavut company in the offshore fishing industry and signified a major step forward for the Nunavut fishing industry

The objective over the medium term is to harvest all of our 0A and 0B turbot and shrimp with our owned vessels.

Infrastructure Development: The BFC has supported lobbying efforts to improve the infrastructure capacity for the fishing industry in Nunavut. This has included support for small craft harbour and port development initiatives. In addition, with BFC supported research having identified the potential for winter fishery development in Scott Inlet, the BFC supports investigations into the development of portable fish plant infrastructure for its members who are close to the resource.

Historical Context

We wish to impress upon you the importance Nunavut's adjacent turbot fishery as one of the major areas for economic develop and employment for Nunavummiut. Since 2001 we have seen significant growth in Nunavut's offshore turbot fishery as is evidenced by the following:

- The 0A turbot fishery started in 2001, at 3,500 tonnes (t) and in 2006 increased to 6,500 where it is today. Nunavut allocations holders have 100% of this allocation.
- Since 1997 Nunavut has been active in the 0B turbot fishery. From 1997 to 2009 Nunavut had just 27% of this allocation. However in 2009 a 1,500t increase was implemented and Nunavut received 90% of this increase for an overall allocation of 44% of the 0B turbot allocation.
- Today, Nunavut has overall turbot allocations in 0A/0B combined of 72%. This shows real progress by Nunavut to obtain more equitable distribution of fish resources in its adjacent waters. We look forward to the day when we will have

90%-100% of the allocations for all fish allocations in our adjacent waters, just like our neighbours to the south.

Surveys for turbot and shrimp have been consistent since the mid 90's, and the industry has received increase in both 0A and 0B turbot allocations for the following reasons:

- i) The Biomass is stable and improving.
- ii) The recruitment is very good and increasing.
- iii) Catch per Unit Effort (CPUE) has been constant and increasing in most cases. This is the case for both mobile and fixed gear vessels.
- iv) In addition to turbot in 0A and 0B Nunavut is now making a concentrated effort to increase harvesting of its shrimp allocations in Shrimp Fishing Areas (SFAs) 1, 2 and 3 both within the Nunavut Settlement Area (NSA) and outside the NSA. In 2010 BFC put forward a plan to increase its harvesting efforts in Nunavut's adjacent waters and as a result harvested 2,945t of shrimp in SFA 1, 2 and 3. As a result of BFCs efforts more than 5,000t of shrimp was harvested in SFA 1 alone in 2010 compared to 220t in 2009 and 0t in 2008. This shrimp fishery has great potential for Nunavut and we want to make sure that nothing happens that can interfere with our harvesting efforts in these areas.

Since BFC started harvesting turbot its adjacent waters we have seen the following positive trends:

- i) The catch per unit effort on both our fixed gear and mobile gear vessels continues to improve.
- ii) As a result of global warming we have seen a lengthening of the harvesting season, by as much as a month at the beginning and end of the season. This is good since it means our vessels can fish longer and become more economically viable.
- iii) Our geographic range of fishing has also extended, today we harvest from 60 degrees north to 73 degrees north, whereas I a few years ago we fished mainly from 60 degrees north to 68 degrees north.

Potential effects of Seismic testing on fishing disbursement patterns

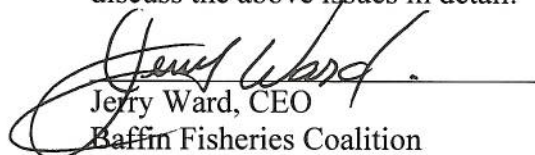
We are very concerned about the effects of seismic testing on fish behaviour. A few years ago when Greenland was doing some seismic work, we were fishing close to the area and did find a correlation with seismic work and our catch efforts. Our catch per unit effort decreased so drastically during the time of the survey period that we had to steam a considerable distance before we could find a biomass of fish that would allow us to fish economically. In short, the fish disbursed during the seismic work. It is also

our understanding that at that time the larger Greenlandic mobile gear vessels tied up for 3-4 weeks while the seismic work was going on.

Recommendations

- i) Until we are provided scientific evidence that seismic testing does not affect the disbursement of fish species that no approval is provided for seismic reflection surveys in the prolific fishing areas of 0A and 0B.
- ii) Should seismic work be approved in 0A and 0B that it be conducted when the harvesting vessels are out of the area?
- iii) Should seismic work go ahead in 0A and 0B when we are fishing and the catch per unit effort decreases then we fully expect to be compensated for the decrease in our average catch per unit effort. We have been gathering statistics on our catch per unit effort and have a good data base of catch efforts daily, weekly, monthly and annually.
- iv) Should seismic work go ahead in 0A and 0B and should we lose fishing days then we fully expect to be compensated for the days fishing lost.
- v) That there is significant consultation between fishing industry stakeholders and regulators before and during the carrying out of any seismic reflection surveys. At this point we have not had discussions with either the proponent or the NEB.
- vi) Subject to Nunavut Land Claims Agreement - Impact and Benefits

Thank you and we welcome the opportunity to meet with you and/or your staff to discuss the above issues in detail.


Jerry Ward, CEO
Baffin Fisheries Coalition

CC:

Honourable Leona Aglukkaq
Minister of Health and
Member of Parliament for Nunavut

Honourable Keith Ashfield
Minister of Fisheries and Oceans

Honourable Dennis Patterson
Senator for Nunavut

Honourable Daniel Shewchuk, Minister of
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Honourable Peter Taptuna, Minister of
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BFC Members