



MAR 27 2008

File: 0280-30
Ref: 155081

**BY FACSIMILE: 250 286-1883
AND
BY COURIER**

Peter Gibson
Grieg Seafood BC Ltd
200-1170 Shoppers Row
Campbell River BC V9W 2C8

Dear Mr. Gibson:

I am writing to advise you of my decision on the application made by Grieg Seafood BC Ltd. (Grieg) to operate an aquaculture facility in Nootka Sound on the north side of Muchalat Inlet. Based on the information and considerations outlined below, I have decided to issue an Aquaculture Licence to Grieg to culture Atlantic salmon. I provide the rationale for this decision in the body of this letter. By copy of this letter I am also advising the Mowachaht/Muchalaht First Nations (MMFN) of my decision.

1) Application

Grieg submitted a finfish farm application package to Land and Water British Columbia Inc. (now Integrated Land Management Bureau) on April 11, 2005. The application was referred to the Fisheries and Aquaculture Licensing and Compliance Branch (FALCB) on June 14, 2005. Grieg submitted an application for an Aquaculture Licence (*Fisheries Act*) to culture Atlantic salmon at the proposed location to FALCB on July 3, 2007.

2) Legislative Authority

Section 14 of the British Columbia *Fisheries Act* authorizes the Minister responsible for the *Fisheries Act* to issue licenses. As the Minister of Agriculture and Lands, I was given responsibility by the Lieutenant-Governor on June 16, 2005 for the *Fisheries Act* and as such, I have authority to decide upon your licence application.

.../2



3) Policy Guidelines and Other Considerations

In processing and assessing your licence application, I have been guided by the following considerations:

- The Ministry of Agriculture and Lands' (MAL) policy document entitled "Finfish Aquaculture Policies and Procedures for Applications", a copy of which is available at <http://www.agf.gov.bc.ca/fisheries/Manuals/index.htm#Licensing>.
- Principles of fairness; transparency; efficiency; and accountability.
- Consideration of the public interest, having regard to:
 - protection of public health and safety,
 - protection of the environment, and
 - sustainable economic development.
- Legal duty to consult with First Nations.
- Mutual Provincial-First Nations interest in developing a new relationship.

4) Information Considered

In reviewing this application I have considered:

- The application made by Grieg with all appendices and attachments.
- The other documents in the Ministry licensing file Reference Number 1849 that are related to the above mentioned application and that pertain to the review by the Ministry, including the Aquaculture Development Assessment Report and the Summary of Consultation with the MMFN regarding the Grieg Muchalat North Finfish Aquaculture Application.
- Discussions with MAL professional staff that took place Tuesday, March 11, 2008 regarding their review of the merits of the application.

I am satisfied that the officials who conducted the review of the application have done a thorough and complete technical assessment. They have made their findings based on this assessment and their expertise. I accept these findings and have taken their recommendations into account in making my decision.

5) Site Characteristics

The site is located in Nootka Sound on the north shore of Muchalat Inlet, just east of the juncture with Williamson Passage. There is a good degree of protection from Gore Island. Exposure is anticipated to be low.

An underwater video camera was used to examine the bottom at the proposed site. Staff advise that the sub-tidal areas surveyed display predominantly creviced, silt-covered bedrock with intermittent flat muddy patches. Staff consider these to be appropriate bottom characteristics for the siting of the proposed farm.

6) Suitability of Proposed Operation

Staff advise that a comprehensive biological review of the application was undertaken. This review involved an assessment of the technical feasibility of the proposal, as well as the capability of the environment to support the activity. The review included a site field survey, which was completed on August 22, 2002.

The Muchalat North site is 1000 metres from Grieg's existing Muchalat South site. This spacing is less than the Ministry's three kilometre spacing guideline. The three kilometre spacing between salmon farms is a Ministry guideline to reduce the risk of biological interaction between salmon farms that share the same body of water. This guideline may be relaxed in cases where 2 (or more) farms are owned by the same company. In this case, both farms would be owned by the same company. There is information outlined in paragraph 12 below which is also relevant to the operation of both sites simultaneously.

Ministry biologists supported approval of the application as of December 6, 2005. Their overall assessment was that the site was well suited for the activity as proposed in the application.

7) Proposed Production Levels and Related Waste Considerations

Authority to regulate salmon farm waste falls within the jurisdiction of the Ministry of Environment under the Finfish Aquaculture Waste Control Regulation. The Ministry of Agriculture and Lands has the authority to set production limits. A number of criteria were considered by Ministry staff in making a recommendation on the biophysical capability of the site. These included:

- underwater site surveys,
- 30-day current water data, surface and deep,
- a review of proposed production, and
- Ministry of Agriculture and Lands Marine Finfish Production Model.

Based on their analysis of the above, staff advise that if this application is to be approved, it should be limited to the level of production specified in the Finfish Management Plan (FMP) (i.e., 4100 tonnes). Mechanisms are in place (i.e., the Ministry of Environment waste monitoring program) to monitor production levels, and if necessary, modify them.

8) Fish Health Considerations

Grieg has an approved and functioning Fish Health Management Plan (FHMP). That FHMP covers all aspects of fish health at its marine salmon farming facilities. Ministry veterinarians have reviewed the FHMP and consider it to be adequate in every respect to deal with issues such as sea lice and other fish health matters that may emerge during the course of the proposed facility's operation. I am confident that Grieg's FHMP and Standard Operating Procedures will ensure that wild stocks of Pacific salmon will not be adversely impacted by this development.

9) Escape Prevention, Detection and Response

A satisfactory inspection by a Fisheries Inspector is required prior to entry of fish at a site. This includes a comprehensive review of all legislative/regulatory requirements, including having an escape prevention, detection and response plan maintained on site and the contents known to all staff. Appendix 2, Part III of the Aquaculture Regulation prescribes the requirements with respect to Escape Response Plans.

10) Land Use and Zoning

The Muchalat North farm site is located within the Comox-Strathcona Regional District. There are no zoning restrictions. It is located in an area designated by the Nootka Coastal Land Use Plan as acceptable for aquaculture.

11) First Nation Consultation

The proposed site lies solely within the asserted traditional territory of the MMFN.

FALCB and Integrated Land Management Bureau (ILMB) worked co-operatively in addressing the Province's obligations to consult with the MMFN on these applications. ILMB sent an initial referral to the MMFN on October 3, 2003. In assessing whether consultations with the MMFN were adequately addressed, I have reviewed the following:

- The November 4, 2004 report that summarized the proposed mitigations and/or responses to the November 14, 2003 MMFN letter, which included reference to the report entitled "Muchalaht Title and Rights in Muchalaht Inlet, Preliminary Report, 2002".
- A report entitled "Mowachaht Aboriginal Title" prepared by Traditions Consulting Services Inc, dated 2005.
- A report from Bastion Group Heritage Consultants, dated January 23, 2002.
- A report from Archaeo Research Limited, dated October 22, 2003.

- The record of consultations between the MMFN and the Province in the June 30, 2006 summary from Ministry staff. This summary reviews exchanges of written information, meetings and attempts to schedule meetings, joint consultation undertaken with Department of Fisheries and Oceans and makes note of without-prejudice settlement discussions underway regarding consultation on a separate aquaculture licence. It details the results of consultations and accommodation as relevant, respecting each of the specific issues raised by the MMFN.
- Subsequent (to the June 30, 2006 summary noted above) correspondence between the Province and the MMFN, dated June 30, 2006 to March 28, 2007.
- The recommendation of ILMB regarding a limitation on the number of operational sites at any given time under the terms of the *Land Act* tenure and the terms of the tenure as issued by the Crown for the subject site.

I am satisfied that the Province has met its duty to the MMFN respecting this decision.

12) Public Review By Other Government Agencies and Third Parties

The application was referred to, or otherwise considered by, a number of organizations. These organizations and a summary of their comments are noted below.

Other Government and Agents of Government

- Ministry of Environment – No response. Subject to Finfish Aquaculture Waste Control Regulation.
- Ministry of Forests – Approval supported subject to no upland development. This application was identified during statusing as being in conflict with two heli-drop sites operated by Western Forest Products. Grieg has agreed to amend the boundaries of its application to avoid any overlap.
- Transport Canada – While we have received no formal response to date, Transport Canada has made it clear in its correspondence with applicant that this farm, if approved, could not be operated at the same time as Grieg's Muchalat South site.
- Fisheries and Oceans Canada – No formal response to date.
- Regional District of Comox-Strathcona (now Strathcona Regional District) – No concerns that fall within the mandate of the local government.
- Archaeological Information – No registered archaeological sites at this location. As the proposed site is located in deep water, the chance of any archaeological sites being in this area is considered to be low.

Non-Government Organizations

- Friends of Clayoquot Sound – No response

Advertising for the proposed facility site was conducted in accordance with *Land Act* requirements. Three open houses were held on January 20 to 22, 2004 in Zeballos, Tahsis and Gold River. Comments were provided concerning both the land tenure and aquaculture licence applications, and members of the public were given an opportunity to ask Grieg questions on the proposed salmon farm. The open houses were co-chaired by Ministry of Agriculture and Lands, Integrated Land Management Bureau and two representatives from Grieg. I note that the following letters of support are on file:

- Village of Tahsis, dated June 12, 2002.
- Village of Gold River, dated May 7, 2002.
- Nootka Sound Residents Association, dated April 23, 2002.
- West Coast Community (of the CSRD), dated August 8, 2002.
- Nootka Sound Sport and Recreational Lodge Operators (8), dated April 24, 2002.
- Outdoor Writers of Canada, dated April 25, 2002.

13) Past or Demonstrable Performance of the Applicant

Staff advise that a review of Grieg's past and demonstrable performance has been completed as part of this application process. Based on input and recommendations from Ministry personnel, I am satisfied that Grieg meets past or demonstrable performance requirements.

14) Economic and Employment Benefits

It is expected that approval of the application would result in approximately \$3 million worth of direct capital investment to purchase and install cage systems, anchoring gear, nets, barges, feeding systems and general farm equipment.

It is also estimated that as many as 15 new jobs may be created as a result of an approval. These would be related to the saltwater grow-out production, administrative services, fish health services, smolt production, the harvesting, processing and marketing of fish, and feed and equipment manufacturing. The transportation industry (land and sea) will also see new employment opportunities.

Approval of this application may assist in the revitalization of Gold River's economy, particularly if the addition of new farms results in local fish processing capability in Gold River. The economic benefits may also include opportunities for members of the MMFN.

15) Decision

Based on the information and considerations described above, I am issuing Grieg a licence under the *Fisheries Act* to operate an aquaculture facility at the Muchalat North site. The licence authorizes Grieg to cultivate Atlantic salmon (Salmo salar), to a total maximum per production cycle of 4100 metric tonnes, as per the FMP for the site recommended by Ministry biologists on December 6, 2005. The licence is subject to the terms and conditions as shown on the licence enclosed.

Sincerely,



Pat Bell
Minister

Enclosure

pc: Chief Michael Maquinna (Mowachaht) and Council

Chief Norman George (Muchalaht) and Council

Jim Russell
Fisheries and Aquaculture Licensing and Compliance



Ministry of Agriculture and Lands

AQUACULTURE LICENCE

This certifies that **Grieg Seafood BC Ltd.**
of **Campbell River**, British Columbia
having made an application and paid the prescribed fee, is licensed
pursuant to Sections 13(5) and 14(2) of the Fisheries Act
(R.S.B.C. 1996, c. 149) to operate at the location described herein for
the purpose of the commercial culture of the species indicated below.
This licence is subject to the terms printed on the reverse, and
the Development or Management Plan(s) filed with and approved by
the Ministry of Agriculture and Lands.
This licence is also subject to any attached additional terms and conditions.

REFERENCE LOCATION AND LEGAL DESCRIPTION

001849 Muchalat Inlet North, Nootka Sound
Unsurveyed Crown foreshore or land covered by water being
part of the bed of Muchalat Inlet, within Nootka and
Clayoquot Districts

Total Maximum Production Per Cycle: 4100 Metric Tonnes
PLAN : FF-MW-CL **SPECIES:** Atlantic Salmon
BIO RECOMMEND : 2005-DEC-06 Salmo salar

Effective date: March 25, 2008

Expiry date: March 24, 2009

Per

Minister of Agriculture and Lands

ADDITIONAL TERMS AND CONDITIONS

The following term & condition is in addition to the general terms of

Aquaculture Licence # **001849**

issued to: **Grieg Seafood BC Ltd.**

A satisfactory inspection by a Fisheries Inspector is required prior to entry of fish at this site, and will include a comprehensive review of all legislative/regulatory requirements, including records on site, having escape prevention, detection and response plans maintained on site, and evidence of the site's net tagging, monitoring and recording program. The proponent is asked to review the Aquaculture Regulation to ensure the site's plans are current and meet statutory requirements.

The licence holder must maintain and follow an up-to-date Fish Health Management Plan (FHMP). No fish shall be introduced on site until the FHMP has been approved by the Ministry of Agriculture and Lands (MAL). This plan must be reviewed annually by the holder and any amendments to the FHMP must be submitted to MAL for approval prior to implementing those amendments.

An inspection by a qualified anchoring specialist* must be completed for systems installed since November 1, 2001 on newly licensed sites and for any facility alterations or additions approved after May 1, 2004.

For installation of systems at new facilities, inspection must be completed prior to the introduction of fish. For sites which are altered or added to, inspection must be completed prior to the utilization of newly installed infrastructure. This inspection must confirm that the design, equipment used and installation of the facility is consistent with the anchoring system layout diagram attached to the approved management plan, and the specifications in Appendix 2 of the Aquaculture Regulation. Proof of this inspection must be retained by the company and must be made available upon request by a Fisheries Inspector.

*A "qualified anchoring specialist" is an individual employed by or contracted by an aquaculture company who possesses the knowledge, expertise and experience necessary to complete the task.



Grieg Seafoods (BC) Ltd. to supply MAL with the finalized Muchalat North "aquaculture system anchoring plans" signed by a recognized professional prior to the introduction of fish.