

**COMMISSION OF INQUIRY INTO THE DECLINE OF SOCKEYE SALMON IN THE
FRASER RIVER**

FINAL SUBMISSION

SEAFOOD PRODUCERS ASSOCIATION OF BRITISH COLUMBIA

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About SPABC

The Seafood Producers Association of BC (SPABC) is a provincially registered society representing seafood processing interests on Canada's West Coast. Its nine members account for at least 75 per cent of the wild salmon commercially harvested in BC.

Salmon was the cornerstone of the BC seafood industry, and Fraser River sockeye the pre-eminent fishery on the coast until the mid 1990s, accounting for as much as a third of the entire annual value of BC seafood. Declines in harvest levels over the past 15 years and closure of the fishery in 2007, 2008 and 2009 have made it increasingly difficult for salmon to contribute to the economic success of both the harvesting and processing sector. Although SPABC members process a variety of fish and shellfish species in addition to salmon, each component of the business must be successful. Salmon is an important and necessary component of the overall success of each member but has not recently contributed its potential share, even though SPABC members have significant investments in plants, offload stations and equipment, much of which is specific to the processing of salmon. SPABC members also have employees who rely on them for jobs and income, often in areas of BC with few alternative employment opportunities.

SPABC successfully sought standing when the Commission was established. No funding was provided for its participation.

Executive Summary

This brief presents SPABC's recommendations to the Commissioner for consideration in his final report (recommendations are listed in Appendix A and cross referenced in the main text).

The association is particularly interested in the following items from the Commission's terms of reference:

- The current state of Fraser River salmon stocks and future projections
- Changes to fisheries management, practices and procedures
- Improving the future sustainability of the Fraser River sockeye salmon fishery, including encouraging co-operation among stakeholders

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We have accordingly grouped our comments and recommendations into these three categories.

In our view, the Commissioner is unlikely to be able to definitively identify the causes of decline in the Fraser sockeye fishery which are likely due to a period of poor and declining near shore and offshore ocean productivity, combined with a drastic reduction in exploitation rates in an effort to reduce harvest of some smaller populations. We note that 2010 and 2011 returns show survival rates more in line with long term productivity. Bearing this in mind, the association submits that the Commissioner should make recommendations on how to implement the trade-off between yield and biodiversity acknowledged as necessary in the Wild Salmon Policy (WSP)¹.

In terms of changes to Fisheries and Oceans' (DFO) policies, practices and procedures, SPABC's key recommendation is that any additional science or management work proposed by the Commission be incrementally funded. It is clear from testimony to the Commission that DFO is starved of the resources to properly fulfill its basic responsibilities—including test fisheries, stream monitoring and catch monitoring, all of which are fundamental to a well-managed fishery, whatever the size of the return.

The association also believes that the single management authority of DFO must be maintained. Co-management arrangements with First Nations, interested parties or sectors should not fetter the ultimate responsibility of the federal government to manage fisheries in the best interests of all Canadians.

DFO also needs to improve its in-house socio-economic assessment capability so that decision makers and stakeholders can understand the implications of decisions. Consultation processes need to be more streamlined and flexible as they are currently unsustainable in terms of both time and money for all participants, including the Department.

The Commission's terms of reference clearly envisage that it will make recommendations on the long term prospects for the fishery as well as the stocks. Sustainability is not just about conservation but the health of the aboriginal, recreational and commercial fisheries that depend

¹ Canada's Policy for Conservation of Wild Salmon, DFO, 2005.
<http://www.pac.dfo.mpo.gc.ca/publications/pdfs.wsp-eng.pdf>

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on those stocks. For commercial fisheries, this means producing food products that can be sold at a profit by businesses able to attract and maintain capital and labour inputs and withstand the inter-annual fluctuations in resource availability and market pricing. The Commissioner's recommendations should therefore take into account the value of up-river compared to downriver and ocean mixed stock fisheries as well as the opportunities for First Nations involvement in these fisheries. We also recommend the implementation of defined shares in all salmon fisheries as soon as possible.

Lastly, SPABC asks the Commissioner to recommend that DFO assigns the necessary resources (people and money) to meet the annual conditions of the Marine Stewardship Council (MSC) certification and successfully seek recertification.

SPABC Recommendations: Fraser River Salmon Stocks

The decline in Fraser sockeye productivity is not in dispute—although there is some indication that productivity is improving with the 2010 and 2011 returns showing survival rates more in keeping with long term productivity. The weight of testimony to the Commission suggests that the Commissioner will not be able to identify a single cause of the decline but that a combination of factors arising from a period of poor and declining near and offshore ocean productivity is to blame. The view of the Fraser River Think Tank of Scientists in December 2009 that for the historic low return in 2009 “the weight of evidence suggests that the problem of reduced productivity occurred after the juvenile fish began their migration to sea” remains convincing.²

The Commissioner in his recommendations should also consider the effects of the drastic reduction in exploitation rates in an effort to reduce harvest of some smaller populations (*SPABC Recommendation 1*). Starting in 1998, commercial harvest rates have declined from the historic 75-80 per cent that productive stocks have historically withstood to less than 25 per cent for all marine exploitation, including Food, Social and Ceremonial (FSC), commercial and recreational, over the two cycles leading up to 2009.

² Adapting to Change: Managing Fraser River Sockeye in the Face of Declining Productivity and Increasing Uncertainty. Statement from the Think Tank of Scientists, December 9, 2009

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The corollary of this is that more fish are being put on the spawning ground. Over the same period, only three of the 19 Production Stocks had escapements that averaged less than DFO Lower Escapement Benchmarks (LEBs), its proxy for a Lower Reference Point (LRP). These three populations contribute less than 7 per cent of the total Fraser LEB. Escapement in 2009 on the late run was the highest in 50 years. The decline in productivity of the largest stocks (in terms of average return per spawner), such as Quesnel and Chilko, is one of the results of excessive spawning populations in several years while many of the minor stocks have been doing reasonably well despite some modest fishing pressure. While there may be some disagreement or uncertainty over whether and how much excessive escapement harms production in successive brood years, there is general agreement that past a certain point more escapement does not produce more production from the brood year. Reduced exploitation and increased escapement targets have certainly resulted in a less consistent fishery with lower catches (even allowing for lower productivity) than would have been the case previously with little apparent benefit.

Bearing in mind that that the science of stock productivity is neither simple nor straightforward, the Commissioner should consider recommendations on how to balance yield and biodiversity in the management of salmon populations (*SPABC Recommendation 2*). The Fraser River has some 36 populations—or conservation units (CUs)—of sockeye. As the Pacific Salmon Commission (PSC) noted in 2008, “with the exception of a few specific regions, the escapements of the vast majority of Fraser populations are at sustainable levels.”³ And as we have already pointed out in this submission, only three of the 19 production stocks, or 7 per cent of the total Fraser LEB had escapements less than their LEBs.

The WSP does not require every CU to be maintained at a fishable, “green zone” level. Instead it allows “trade offs” between biological and socio-economic objectives (WSP, Appendix 2) in order to find a balance between stock productivity, biodiversity and economic returns from fishing. It also states that:

The Minister may reject plans or elements of plans because they do not adequately conserve wild salmon. Alternatively, in exceptional circumstances, where recommended

³ Pacific Salmon Commission, Response to IUCN’s Status Assessment of Fraser Sockeye, November 2008

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management actions are assessed to be ineffective, or the social and economic costs will be extreme, the Minister of Fisheries and Oceans may decide to limit the extent of active measures undertaken. (WSP, p.29).

In other words, there are circumstances when CUs, or in the WSP vernacular, “planning units” and “management groups” may be maintained at a low biological equilibrium.

Unfortunately, the WSP provides virtually no guidance on how to make the appropriate social choices. It is clear that the policy was introduced without advising the Minister of Fisheries and Oceans of either the implications of this trade-off or the social and economic consequences of preserving every CU to achieve green zone status. The Commissioner should therefore recommend the appropriate economic assessment of the trade-offs inherent between maximizing overall yield from Fraser sockeye compared to preserving every CU and/or various combinations of these objectives (*SPABC Recommendation 2*).

SPABC Recommendations: DFO Policies, Practices and Procedures,

The Commissioner’s recommendations should explicitly reaffirm that the management of Fraser River sockeye remains under the single management authority of DFO (*SPABC Recommendation 3*). This does not preclude co-management arrangements with First Nations and/or other interested parties and sectors but these should not fetter the ultimate authority of the federal government to manage fisheries in the best interests of all Canadians.

The Commissioner should make a strong case that the federal government must provide incremental funds to address additional work recommended by the Commission (*SPABC Recommendation 4*). It is widely acknowledged that DFO does not have adequate funds to fulfill its core responsibilities for science and management, including stock assessment, test fisheries, stream monitoring, catch monitoring and enforcement, all of which are not just in the public good but also fundamental to well-managed fisheries that can make an economic contribution to the province and the country. Without these basics, fisheries of all kinds will inevitably be curtailed, as a result of the precautionary approach and the risk-averse nature of the Department. Given the current economic uncertainty and budget cuts in all departments, it would be devastating to the commercial fishery (and aboriginal and recreational fisheries) if

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funds for additional work came at the expense of DFO's ability to undertake the basic elements of responsible fisheries management that are needed in order to meet the conditions of the MSC certification and be ready for reassessment in 2015.

SPABC also recommends that with respect to future work on science and management at a time of scant resources the priority be proper in-season assessment of actual returning adults, together with proper monitoring and accounting of catches and escapement rather than expensive research in the ocean to determine causative factors for ocean survival over which we may have little or no management control (*SPABC Recommendation 5*).

The association notes, for instance, that with the sunset of post-Larocque funding on March 31, 2012 neither DFO nor industry knows how test fisheries will be funded in 2012 and beyond even though work needs to start almost immediately in the new fiscal year. Salmon fisheries cannot be managed on the basis of pre-season models but only by estimating in-season abundance on an almost daily basis from test fisheries during the season.

SPABC also wants to make the point that catch accounting/monitoring is fundamental to good fisheries management, especially given the move to ecosystem based management which requires accounting for all catch removals. Third party monitoring of catches from all fisheries (not just commercial but recreational and First Nations FSC and economic opportunity fisheries) will give DFO essential data and build confidence in its pre-season and in-season decisions. The Commissioner should therefore recommend mandatory accounting of catch for *all* fisheries, especially since First Nations and recreational fisheries in some years account for the majority of the harvest (*SPABC Recommendation 6*).

In addition, as we have noted, DFO's lack of in-house socio-economic assessment capability is a serious problem. It is not in the public interest that major policy shifts a decade in the making should take place with no analysis of the implications on the participants in the fishery, on jobs and incomes in BC coastal communities and the economy of Canada. Without this capability, no one, including DFO, knows what implementation really involves which is hardly conducive to encouraging stakeholder co-operation. The Commissioner should therefore recommend that DFO must have this capability (*SPABC Recommendation 7*).

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Lastly, the Commissioner should recommend that DFO's current consultative process needs to be streamlined (*SPABC Recommendation 8*). There are too many tables, too many meetings, too much repetition, too much time and too much money required for a process that feeds on itself with consultation requiring yet more staff and yet more consultation. Consultation is entirely appropriate pre-season, albeit expensive, but no matter the co-management arrangements in place the Department has the authority and must have the flexibility to manage Fraser River salmon fisheries on a day to day basis in season.

SPABC Recommendations: Organization of the Fishery

Sustainability of fisheries (and the Fraser sockeye fishery in particular) is not only about the sustainability of the underlying fish stocks and habitats; it is also about the sustainability of the aboriginal, recreational and commercial fisheries that rely on those stocks. For commercial fisheries, this means producing food products for local and international markets that can be sold at a profit by businesses able to attract and maintain the necessary capital and labour inputs while able to withstand significant inter-annual fluctuations in resource availability and market pricing.

The Commissioner should understand that fishery management has a tremendous impact on the business side of a fishery. In a November 2005 presentation to the BC Seafood Alliance, noted University of Alaska fisheries economist Gunnar Knapp outlined how fisheries management has direct consequences for prices and costs at all levels of the seafood industry, affecting when fish are harvested and how fish are harvested as well as the incentives of harvesters and processors to keep costs low and quality high and to invest in new gear, new technology and new markets.⁴

The effect of fisheries management on the structure of the fishery is extensively analysed in Stuart Nelson's *Fraser River Salmon Benchmark Study* prepared for Agriculture and Agrifood Canada's Seafood Value Chain Roundtable.⁵ Unfortunately as Nelson notes, business considerations are not among the variables currently receiving weight when decisions regarding commercial fisheries are made. Nelson's analysis, as he notes, paints "a bleak picture of key business conditions" facing the Fraser sockeye fishery:

⁴ Gunnar Knapp, *What is Good Fisheries Management*, 2005

⁵ Stuart Nelson, *Fraser River Salmon Benchmark Study: A Business Perspective on Fraser Sockeye*, BC Seafood Alliance for Agriculture and Agrifood Canada, 2006

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- Dramatically reduced harvest levels;
- Inconsistent harvests
- Shifting markets, declining prices
- Inability to meet current customer needs
- Competitive developments (aquaculture, globalization, increased operating costs)

In effect, Nelson argues that the Fraser River should be able to support substantial harvests in the 2-4 million range, less than the industrial fishery of the past, but far more than the cottage industry of the past decade (2010 excepted), but that in the “absence of a meaningful fishery, [participants] do not have a functional business” (p. 14). As Nelson points out, however, objective business analysis provides one path towards motivating stakeholders to work toward the common goal of maximizing the value of the available harvest.

SPABC believes that the Commissioner should consider the business reality of the fishery in his recommendations (*SPABC Recommendation 9*). Key to this is Nelson’s thoughtful analysis of the value of down river and ocean fisheries compared to upriver fisheries (pp.24-33). Bearing in mind the PSC’s view that mixed stock harvest rates are not a key factor in recent declines of Fraser sockeye populations, the Commissioner should not recommend a further move to terminal, upriver fisheries⁶. Given the complexity of the Fraser River system, this would result in *very* terminal fisheries, producing fish that are worth less because there is less that can be done with them. As Nelson notes, “consistent catches are a pre-requisite of [business] success” (p.14). The Commissioner should therefore question whether it is possible to establish anything more than an opportunistic venture on any scale up river when there may be only one good harvest in four. By contrast, even with reduced infrastructure, the coastal commercial fishery because of its diversified nature was able to handle an unexpected harvest of 12 million Fraser sockeye in 2010. Similarly, the Commissioner should also weigh the economic opportunity to coastal First Nations of carefully targeted marine mixed stock fisheries compared to economic opportunity for upriver First Nations. Historically, roughly one-third of the coastal salmon fishery has been First Nations while the processing sector workforce is 30-60 per cent First Nations⁷. What

⁶ Ibid, PSC, p.5

⁷ Exhibit 1978: Affidavit of Mr Rob Morley regarding First Nations individual participating in SPABC businesses.

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alternatives does a First Nations fisherman in Alert Bay have if the coastal fishery becomes an upriver fishery?

The Commissioner should recommend that DFO implement defined shares in all salmon fisheries within 12 months (*SPABC Recommendation 10*). In 2004 Donald McRae and Peter Pearse in *Treaties and Transitions: Towards a Sustainable Fishery on Canada's Pacific Coast* recommended an Individual Transferable Quota (ITQ) system, including a specific set of recommendations for salmon⁸. Ever since, DFO has been consulting on defined shares in salmon. A new round of these consultations is just beginning. The recent experience of the troll and seine fleets in 2010 and 2011 shows not only that defined shares work practically, including fully monitoring the catch, they also improve the marketability of the product to the advantage of harvesters and processors. In conjunction with the other reforms proposed by Pearse/McRae, defined shares will also improve conservation, facilitate long term agreements with First Nations whether through treaties or other means, reduce the cost of fisheries management, encourage long-term stakeholder cooperation and improve the business success of all participants.

Lastly, the Commissioner should recommend that adequate resources be provided to DFO to meet the conditions required by the MSC certification and eventual recertification (*SPABC Recommendation 11*). This market driven incentive for good fisheries management, increasingly a pre-requisite for access to European and North American markets, marries sustainable use with economic advantage. One of the few things uniting virtually all stakeholders is that implementing the conditions under the watchful eye of annual surveillance audits will improve the management of the fishery, its transparency and its accountability to the benefit of all participants and indeed of all Canadians.

Conclusion

SPABC is asking the Commissioner to consider recommendations on three, inevitably linked, themes, based on the assumption that fishery sustainability is about more than stocks and habitats but includes a healthy, even if sometimes modest, commercial fishery (along with aboriginal and recreational fisheries) that delivers employment and economic benefits to the participants and the

⁸ Donald M McRae & Peter H Pearse, *Treaties and Transition: Towards a Sustainable Fishery on Canada's Pacific Coast*, Joint Task Group, 2004

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economy of Canada by providing domestic and international markets with high quality, safe, sustainable food.

These three linked themes are the current state of Fraser River salmon stocks and future projections, changes to fisheries management and improving the future sustainability of the Fraser River sockeye fishery.

Our recommendations, if adopted by the Commissioner and ultimately by the federal government, would focus scarce resources on DFO's core science and management responsibilities in the public interest by managing what actually returns in season rather than explaining or forecasting things that we cannot control. They would provide some guidance on how to balance yield and biodiversity in the management of salmon populations as a way to rebuild harvests to a more consistent level, initially in the 2-4 million range, while providing DFO with the in-season flexibility and management tools it needs to do its job. And they support more analysis and consideration of the business perspective which should encourage stakeholders to work together more co-operatively to maximize the value of a sustainable resource for all participants. Finally, our recommendations would ensure the implementation of the conditions required by the MSC certification and provide confidence to all participants and to the commercial fishery's customers and consumers that Fraser River sockeye is indeed well-managed.

Respectfully submitted,

Dated at Vancouver, BC as of October 17, 2011



Michael Walden, Counsel of Record

SPABC Members

Aero Trading Company Ltd.
Bella Coola Fisheries Ltd.
Canadian Fishing Company
Grand Hale Marine Products Company Ltd.
J.S. McMillan Fisheries Ltd.

Lions Gate Fisheries Ltd.
North Delta Seafoods Ltd.
Ocean Fisheries Ltd.
The Leader Group

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APPENDIX A: LIST OF RECOMMENDATIONS

SPABC recommends that the Commissioner in his report should:

1. Consider the effects of the drastic reduction in exploitation rates since the mid-1990s on long term productivity of stronger stocks.
2. Provide guidance on how to balance yield and biodiversity in the management of salmon populations, including requiring appropriate economic assessment of the trade-offs inherent between maximizing overall yield from Fraser sockeye to preserving every CU and/or various combinations of these objectives.
3. Reaffirm that the management of Fraser sockeye remains under the single management authority of DFO.
4. Make the strongest possible case for incremental funds to address additional work recommended by the Commission.
5. Urge the federal government to provide DFO with adequate funds to cover the fundamentals of fisheries management—in season assessment of returning adults, stream monitoring, accounting of catches and escapement.
6. Require third-party catch accounting/monitoring for all fisheries.
7. Ensure DFO has adequate in-house socio-economic assessment capability to provide solid analysis of the implications of major decisions.
8. Encourage the streamlining of DFO's current consultation process while ensuring DFO has the flexibility to manage Fraser sockeye fisheries on a day to day basis in season.
9. Encourage the consideration of the business reality in the management of Fraser sockeye, including weighing the consequences of moving from mixed stock ocean fisheries that minimize impacts on weak stocks to very terminal upriver fisheries.
10. Require the implementation of defined shares in all salmon fisheries within 12 months.
11. Ensure DFO has the adequate resources to meet the conditions required by MSC certification and eventual recertification.
