

Southern Salmon Integration Project

Scoping Report

Fisheries and Oceans Canada

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Prepared by

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Introduction

During the past two years the Department of Fisheries and Oceans (DFO), provincial Ministry of Environment (MOE) and the Commercial Salmon Advisory Board (CSAB) have been involved in a process to renew and revive the commercial salmon sector. This process has been named SCORE and is about to submit its report.

A major component of this work is to determine how share based fisheries will work. To that end representatives of the Harvest Committees for Areas B, D and H met to scope out the possibility of a joint project to test the feasibility, practicality and desirability of implementing share based ITQ's. This project will be for 2008 and will include transfers within and between gear types for sockeye and chum salmon.

This scoping meeting included the Harvest Committee representatives to the CSAB but was not a CSAB project. It is likely the SCORE report will suggest Harvest Committees have autonomy in the design of their fisheries so these three committees have elected to proceed on that basis.

Project

The result of the scoping meeting was agreement that an integrated ITQ share based fishery in the southern approach waters would be beneficial. The transferability of this proposal would include within gear groups and between gear groups.

The first hurdle for this proposal involved the issuing of licenses. In the past, demonstration fisheries were conducted separate from the regular competitive fishery. Licence holders were required to choose the demonstration fishery or the competitive fishery and licences and scientific permits were issued to allow each to occur. This is no longer possible. Consequently a decision needs to be reached that will see the fleets choosing one type of fishery for the 2008 fishery. In an effort to allow the fleets a voice in this decision, the group decided the only fair way to accomplish this was to poll the fleets.

A DFO supervised mail out ballot (see Appendix 1) was developed and a vote will be conducted before further progress is made on this proposal. In the mean time work will continue on the details associated with this proposal.

PROJECT GOALS

¹ The Area H troll fleet developed a proposal to continue their ITQ demonstration fishery for 2008 and I have borrowed heavily from their proposal. I wish to acknowledge their contribution but absolve them from any responsibility for my remarks.

1. To determine whether ITQ share based management in the fishery is a viable and workable way to meet the themes of the Pacific Fisheries Reform and PICFI.
2. To determine whether transferability between gears is a viable and workable way to conduct the fishery.
3. To increase knowledge of ITQ share based management in the fishery and assess the benefits and drawbacks of this system.
4. To test the feasibility of changing to an ITQ share based management system.

PROJECT OBJECTIVES

The following objectives would be measured through an Evaluation Framework which will need to be developed pre-season by an experienced evaluator (Appendix 2).

1. To test the flexibility of an ITQ share based fishery when designing harvest management strategies that improve management control and the economic performance of the fishery.
 2. To ensure manageability of the fishery through dockside and packer-based catch validation, on-board observers, logbooks (including electronic logbook reporting) and phone-ins.
 3. To explore ways to improve catch monitoring and verification of landings in the fishery
 4. To explore ways of harvesting uncaught TAC
 5. To demonstrate the ability of harvesters to take on greater responsibility in harvest planning through the implementation of this project in co-operation with DFO
- Additional objectives will likely be identified by the evaluator.

METHODOLOGY

General

- A mail-out to all licence holders will occur well in advance of the season. The details of the mail out ballot package are in Appendix 1.

Key Contacts

- Area B
 - Bob Rezansoff 604-220-5662 bob.rezansoff@telus.net
 - Gord Wasden 604-220-7939 gwasden@telus.net
- Area D
 - Paul Kershaw 250-752-1508 wildsalmon@shaw.ca
 - Ryan McEachern 604-219-0014 ryanmceachern@shaw.ca
- Area H
 - John Hughes 1-604-483-6105 vegaenterprises@shaw.ca
 - Peter Sakich 250-247-8380 sakich@island.net

Project Manager:

- DFO Project Manager
 - Andrea Goruk 250-756-7287 andrea.goruk@dfo-mpo.gc.ca

On Grounds Project Coordinators:

- TBA

Licensing

- Each vessel participating in the ITQ share based fishery must have a valid 2008 salmon licence with specific conditions pertaining to the ITQ fishery.

ITQ Management

- Each ITQ will be an equal share of their fleet's share (B, D & H done separately) of the total allowable catch (TAC) of Fraser River sockeye and southern chum. This will be expressed as a percentage of the available TAC for each area. The quota share will remain fixed in-season (subject to amendments for quota transactions). The quota share translates into a number of pieces of fish by multiplying the quota share by the available area TAC. For example,

	Sockeye	Area B	Area D	Area H
Cells	A	B	C	D
1	No. of licences	169	355	89
2	Individual licence share (1/# licences)	0.005917%	0.002817%	0.01124%
3	Fleet share of SK (Area B, D & H SK share is 78% of Canadian TAC)	47.58%	18.72%	11.70%
4	Weighted fleet share (fleet share/total share cells 3B, C & D/78)	0.6100%	0.2400%	0.1500%
5	Weighted individual share (weighted fleet share/# licences)	0.003609	0.0006760	0.001685
6	No. of fish/licence (IF the total commercial TAC was 100000 then the total for Areas B, D & H only would be 78000 x weighted individual share)	281	53	131

- It is recommended that the ITQ share based fishery start with conservative TAC's and adjust upwards in-season if applicable. This provision is dependent on all gear types starting with a conservative TAC.

- For gillnet and seine it may be more useful to have weekly TAC's that could be cumulative or static. Once the vote is know more work will be required in this area.
- During the fishery, the available TAC's may be adjusted up or down in relation to variables affecting the available commercial TAC. Changes to the available TAC's will result in a change to the number of pieces of fish allowed to be harvested by each vessel.
- In-season changes to the TAC's will be communicated via fishery notice, the DFO Resource Manager, and on the grounds through the Charter patrol vessels and designated on-grounds coordinators.
- Transfers of individual quota shares will be expressed as a percentage of the available TAC's (with a corresponding fish count) and will be added to the receiving vessel's quota share of the available TAC.
- Vessel masters must cease fishing when their ITQ has been achieved.

Opening and Closing Fisheries

- When there is Canadian commercial TAC available and DFO accepts there is a suitable mix of stocks in the fishing areas, the ITQ share based fishery will open as defined by DFO via fishery notice.
- Once an individual ITQ or the overall area TAC has been achieved fishing must cease immediately.
- If any of the TAC's are adjusted downwards resulting in a revised ITQ being achieved, fishing must also cease immediately.
- It is the responsibility of the ITQ participant to stay in communication regarding any changes that could result in a change in the TAC's, and subsequent ITQ, or fishing times.

Forms

- **Designation Form** – this form will be used to designate someone else to request your licence amendment or Request for Temporary Reallocation of ITQ Holdings.
- **Request for Temporary Reallocation of ITQ Holdings** – this form must be used to reallocate ITQ holdings.
- These forms will be available for pick up at the same time/location as the Conditions of Licence.

Quota Reallocation Guidelines

- Both vessels must have a valid ATH, AGD or ASB licence with ITQ Conditions of Licence and all fees paid prior to trading of any holdings.
- Where the Department has received for processing two or more conflicting requests for trading, all of the requests for trading will be denied.
- For temporary trades, only one owner of record or authorized signatory of the licence eligibility holder is required to sign unless otherwise stated. If the vessel owner is a company, the Pacific Fishery Licence Unit must have on record a copy of either a confirmation of Signing Authorities or an Amendment

to confirmation of Signing Authorities form advising who the signing authorities for the company are.

- A valid licence amendment must be on record with the DFO Resource Manager while the vessel is engaged in fishing.

Reallocation Guidelines

- Upon application, vessel owners will be permitted to make unlimited temporary trades of quota holdings.
- Quota holdings may only be transferred within gear groups (i.e. troll to troll) or between gear groups (i.e. gillnet to seine).
- Only uncaught quota holdings may be transferred. Sufficient quota share (%) must be retained to balance all catch to date.
- Temporary trades of quota holdings will be expressed as a percentage and will be added to the receiving vessel's percentage of their available TAC. The number of pieces of fish transferred, based on the currently available TAC, will be shown for information purposes.
- To convert the percentage being transferred into a number of pieces, multiply the percentage by the available combined Area B/D and H TAC. For example, a percentage of 0.05 translates into 100 pieces if the available TAC is 200,000 (i.e. $0.0005 \times 200,000$). Or, to determine the percentage required to transfer an amount of sockeye, divide the amount of sockeye being considered for transfer by the available TAC (e.g. $100 \text{ sockeye} \div 200,000 = 0.0005$ or 0.05%). Note that percentage transfers may equate to more/less sockeye if the available TAC's increase/decrease after the transfer is made.
- Transfers will be for the current year only.

Logbook Requirements

- All licence holders must purchase and maintain a logbook from the service provider even if all ITQ holdings are transferred prior to fishing.

In-season Catch Reports

- For gillnet and troll prior to 0800 h of the day following a day in which fishing occurred and prior to fish being offloaded, the catch number must be phoned in to the service provider.
- For seine, within 48 hours of stopping fishing to offload catch, or within two hours of completing offloading, whichever comes first, the catch number must be phoned in.
- For troll, start fishing report – all vessels must contact a service provider to indicate they are starting to fish.
- For troll, end fishing report – all vessels must contact a service provider to indicate they are ending fishing.

Catch Validation

- Catch validation is mandatory for all ITQ fishery participants either dockside or on packers.

Dockside landings

- Prior to any dockside landing of fish, the vessel master shall hail in to the designated service provider between 06:00 h and 18:00 h seven days per week and provide the following information,
 - vessel name
 - vessel registration number
 - name and Fisher Identification Number of the vessel master
 - contact phone number
 - date, time, port and location of landing station
 - name of fish buying station where fish are to be landed
 - product type
 - estimated number of pieces by species
 - area fished
- a dockside validator shall be present during all offloading of catch to record the number, weight and species of all salmon delivered
- all fish shall be landed at one of the following locations,
 - Campbell River
 - French Creek
 - Greater Vancouver
 - Kelsey Bay
 - Nanaimo
 - Port Hardy
 - Port McNeil
 - Quadra Island

Packer landings

- The vessel master shall deliver only to packers designated for the ITQ share based fishery.
- The vessel master shall retain a copy of the validation record provided by the packer at each delivery.

Leaving and returning to the fishery

- If a vessel leaves the fishery to fish in another fishery, the catch shall be offloaded and verified by a validator prior to entering the other fishery, or shall be verified on board the vessel by a validator prior to entering the other fishery.
- Where the vessel re-enters the fishery without offloading its ITQ catch, the ITQ catch shall be verified again by a validator.

Additional Packer-based Validation Information

- A specified number of packers will be designated to carry on-board validators during the fishery.

- On-board validators will follow the designated service providers established procedures for verifying catch and performing random hold checks on the last delivery. Validators must phone in catches on a daily basis.
- Packers without on-board validators will have the total catch validated by shore-based validation. These packers will need to hail-in to the service provider prior to the landing of any fish and provide the vessel name and company, date, time and location of landing site, total number of pieces by species and product weight by species.
- Packer personnel will be responsible for recording data on validation forms provided by the service provider and perform random hold checks on the last delivery. When hold checks are performed, they must be documented on the validation form.
- Packer personnel must ensure that individual vessel catch numbers are phoned in to the service provider on a daily basis.
- If all or part of the catch is to be sold in private sales or taken home for personal consumption these fish must first be validated. If fish is to be re-loaded onto the vessel, a hardcopy document confirming the number and weight of the fish validated will be issued to the Vessel Owner/operator.

Overages

- An ITQ share based fishery participant that has reached or exceeded their ITQ must immediately cease fishing and contact the service provider to obtain an End-of-Fishing number. The ITQ fishery participant must then have their catch validated or have additional documented ITQ transferred to cover any additional catch.
- Penalties, such as charges for failing to comply with Conditions of Licence, will be considered for vessels with unauthorized overages.
- If an ITQ fishery participant that has an overage as a result of a run downgrade wishes to keep fishing, sufficient ITQ quota holdings must be acquired to cover the overage as well as any additional fish to be caught before that ITQ fishery participant may re-enter the fishery.
- If there are overages at the end of the fishery (see scenarios and exception below), the overages must be covered by a Temporary Transfer, the deadline for which is November 28, 2008.
 - Scenario 1: if a vessel is over their quota and there has been no TAC downgrade, a temporary transfer is required.
 - Scenario 2: if the fishery is open and there is a TAC downgrade resulting in an overage, a temporary transfer is required.
 - Exception: if the sockeye fishery is closed for the season and the TAC is downgraded resulting in an overage, a temporary transfer is not required.

Expected Benefits

- Improved management control through the control of catch levels within allowable limits. Timely and accurate collection of catch data provides greater certainty for management decisions.

- Although it is not expected that new conservation concerns will arise as a result of this approach, measures will be taken to evaluate if high-grading is occurring.
- Increased harvest through “small bite” fisheries when TAC is too small to permit a traditional style fishery.
- Increased fishing revenue through a paced fishery that increases the ability to better market and handle product.
- Reduction in fishing costs through transferable quotas which could result in exploiting efficiencies of scale as a result of the non-competitive nature of the fishery with defined catch.
- Facilitation of transfers between commercial fishers and First Nations.
- Increased security through a fixed percentage of the TAC assigned to each license.
- Improved safety at sea as the necessity to fish or travel in marginal weather conditions is reduced.
- Change the competition among fishers from harvest quantity to a greater emphasis on quality and efforts to obtain the greatest return with a known quota.
- Allow for more careful handling and reduced impacts on by-catch species that require release after capture.
- Demonstration of the benefits of the organization of fishers in representative fisheries associations such as the GTA through the successful implementation of projects such as this.
- Further solidification of the co-management relationship with DFO and the licence holders working collaboratively to ensure an orderly harvest of available TAC and to develop a management system that meets the goals and objectives of both.
- Encourage increased responsibility and accountability for management of the fishery as impacts are individually vessel based. This system would hold licence holders accountable to their TAC and thus alleviate conservation and allocation concerns. With greater control on catch, the fleet can be managed more effectively within conservation limits and allocation targets.

Next Steps

It is clear that the leadership of Area B, D and H are willing to support an individual transferable quota full fleet demonstration project in 2008. It is also clear they feel that individual licence holders need to be polled to assess their support for this proposal. The immediate work required to advance this project is to choose the wording for a full fleet vote and to mail out the ballots. A committee consisting of Andrea Goruk, Ryan McEachern, Peter Sakich, Bob Rezanoff and Dave Barrett was struck to address this work. When the voting results are known the next steps to address will be,

- Determine the details required for a successful Validation and Catch Monitoring Program. To help in that work, the scoping group struck a committee to assist in

this. The members are, Chris Cue, Andrea Goruk, John Hughes, Ryan McEachern and Peter Sakich. An important detail will be an estimate of cost. This cannot be done before the vote results are known since all groups may not be participating in the demonstration.

- A data management system for tracking validated catch and quota transfers will need to be in place. The department is currently working on this aspect and will need to modify their current model to accommodate inter-gear transfers.
- The fisheries management regime required to support an ITQ fishery will need to be determined. Monitoring the accumulated catch and spreading that catch over the run return time will require coordination between and among the gear in the water. Any decisions on the management regime will be greatly influenced by the number of vessels participating.
- Attention will have to be directed to structuring fisheries that do not conflict with recreational fisheries (ie weekends) and do not concentrate all three gears in one place.
- The chum fishery will require additional work to envision how a “fixed harvest rate” model used in Johnstone Straits will benefit from ITQ’s and how they will be implemented. This work needs to begin right after the results of the vote are known. Once again a committee of licence holders and DFO will need to be struck. The number of vessels participating will be an integral piece of information needed before options can be generated and analysis can begin.
- The appointment of a person to coordinate this fishery will be essential. There will likely be many false starts, questions, confusion and demands and the need to centralize and standardize all this communication will be paramount.
- The evaluation framework researcher will need to be chosen and the framework in place before any fishery occurs. The data requirements will need to be established in advance of the fishery and the collection of that data needs to be incorporated into the Validation and Catch Monitoring Program
- All of the details listed above need to be discussed with the steering committee to ensure all in agreement (how to deal with overages, etc.).

Budget

The budget required to complete this demonstration fishery will depend on the number of areas participating, the fisheries involved and the number of vessels actually fishing. In the past all the DFO personal staff time and expenses have been absorbed by the department and the validation and catch monitoring costs by the individual licence holder. If this remains the case for 2008 then the only additional items are the costs of a person to coordinate the project and the fishery and the Evaluation Framework. All four of these major items will require the development of a specific budget.

If the coordinator can be appointed from the department then these costs will likely be absorbed by the department. If not then a Request for Proposal needs to be developed and distributed to the private sector. The same approach will be necessary for the Evaluation Framework. The cost for both these tasks will also be greatly influenced by the results of the ballot. Once that is known more refined budgeting will be possible.

Appendix 1

Southern Salmon Integration Project

Introduction

During the past two years the Commercial Salmon Advisory Board (CSAB), the provincial Ministry of the Environment and the Department of Fisheries and Oceans have been involved in a process to renew and revive the commercial salmon sector. This process has been named the Sub-Committee on Options for Review and Evaluation (SCORE) and is about to submit its report. One of the early recommendations agreed to by the SCORE process was that the Area Harvest Committees have autonomy to determine individual sharing and fishery management arrangements for their own area. A major component of this work is to determine how share based fisheries will work.

To that end the representatives of the Harvest Committees for Areas B, D and H met to scope out the possibility of a joint demonstration project to test the desirability of an integrated defined share fishery using individual transferable quotas (ITQ's) within and between gear types for 2008. To allow the licence holders a say in this proposal it was decided to poll the area fleets via a government supervised vote. The department will assist with the mail out, provide validation for licence holders and assist in counting eligible ballots.

Current Situation

The Pacific salmon fishery has declined dramatically over the past four cycles. Landings, landed value and access in the 2003-06 cycle were down 62%, 78% and 80%, respectively, compared to the 1991-04 cycle.

Fisheries and Oceans Canada has asked for advice on share based management consistent with the direction expressed in Pacific Fisheries Reform and the new Pacific Integrated Commercial Fisheries Initiative or PICFI program. This advice needs to include the following elements:

- Have the flexibility to respond effectively to conservation objectives in an economically viable and sustainable manner, including the ability to fund associated fishery monitoring programs in the long run
- Defined catch shares for all commercial salmon fishing fleets to provide for greater certainty and stability, and additional flexibility in structuring fisheries
- Include the potential for inter-fleet transfers under mutually beneficial circumstances
- Able to be conducted in an integrated manner with share based commercial fisheries conducted by First Nations (i.e. all parties have an equal opportunity to harvest their shares under similar rules and common conservation objectives)
- Contain a mechanism to permit transfers of catch shares, through voluntary license retirement in a fair and transparent manner.

Based on these points, representatives of the Area Harvest Committees for Areas B, D and H met to decide if a joint demonstration project could be developed for Fraser River sockeye and Johnstone Strait (and south coast terminal areas) chum fishing in 2008. While it is clear to all that Fraser sockeye may not have any TAC in 2008 we felt the need to get ready in case a small TAC became available. In the case of Johnstone Strait chum we need to develop a plan that will include a review of how a share based approach could meet current management objectives.

Challenges

A major challenge facing the development of this project is the management of split fleets (e.g. derby and ITQ vessels). The Department has identified that managing split fleets complicates management and has requested that where possible all vessels within an area to be managed under the same conditions. In addition, regulation of split fleets is further complicated because the Department is reviewing the use of Section 52 (scientific/experimental) licences and they may no longer be appropriate for demonstration fisheries and there are concerns that voluntary compliance may not be achieved if only commercial licences are used. As a result, the ability to mount two styles of fisheries at the same time is unlikely for this project.

Solutions

The Area Harvest Committee representatives from Area B, D and H are of the view that this issue can only be resolved by a mail out vote to their fleets to establish the level of support for proceeding with a full fleet demonstration project. We need to resolve if the concept for an ITQ within and between gears has support in the fleet. The Department has indicated that the stronger the support for the ITQ fishery, the more likely this project could be implemented for 2008. If the quota option is implemented, a commercial salmon fishing licence would be issued with an amendment listing the percentage of the TAC associated with that licence. Since this is a demonstration for 2008 only, and will need to be assessed next winter, the most realistic option at this date is to divide each fleet's TAC evenly among all its licences.

Action

As noted earlier, your representatives felt the issue of conducting a fleet wide defined share ITQ fishery needs to be resolved by polling each area fleet with a mail out ballot. To that end we have developed a set of questions we hope will make your choice clear and ask that you vote. The questions are listed on the ballot included with this package. Please read them carefully and if you have any questions **please** contact your harvest committee representatives to seek clarification.

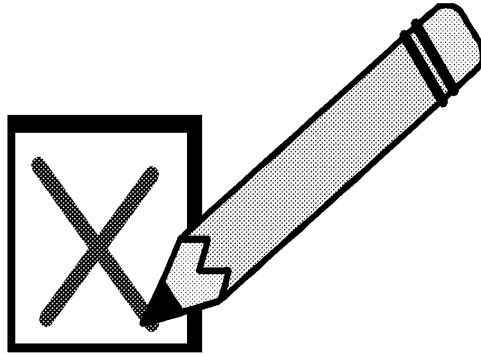
Your representatives and their contact information is,

- Area B
 - Bob Rezansoff 604-220-5662 bob.rezansoff@telus.net
 - Gord Wasden 604-220-7939 gwasden@telus.net
- Area D
 - Paul Kershaw 250-752-1508 wildsalmon@shaw.ca
 - Ryan McEachern 604-219-0014 ryanmceachern@shaw.ca
- Area H
 - John Hughes 1-604-483-6105 vegaenterprises@shaw.ca
 - Peter Sakich 250-247-8380 sakich@island.net

Summary

We believe this project is an important test of the feasibility and desirability of defined share quota fishery, especially now that low abundances seem to be here for the foreseeable future. We NEED your views on this and we ask you to VOTE

Southern Salmon Integration Project



BALLOT

This is your ballot to vote for two questions related to the proposed Southern Salmon Integration Project. A summary document explaining the details accompanies this ballot. Please place an “X” on the lines to indicate your choice. Once you have voted please put your ballot in the unmarked envelope, seal it and place that in the pre-addressed (Southern Salmon Integration Project c/o Dave Barrett 789 E 9th Street, North Vancouver, BC V7L 2C1) envelope provided. Completed ballots **MUST BE POST MARKED** no later than May 16, 2008 in order to be valid. Any ballots post marked after that date will not be included in the results. **Ballots received by fax will not be valid.**

Question 1

Are you in favour of an individual transferable defined share demonstration fishery in 2008 for your fleet?

a) For Fraser River sockeye

Yes _____ **No** _____

b) For Johnstone Strait and Southern Area Chum

Yes_____ No_____

c) For other species/stocks Yes_____ No_____

Question 2

If you voted yes to question 1 are you in favour of allowing willing participants to transfer (for 2008) their individual share between seine, gillnet and troll fleets?

a) For Fraser River sockeye

Yes_____ No_____

b) For Johnstone Strait and Southern Area chums

Yes_____ No_____

c) For other species/stocks Yes_____ No_____

Appendix 2

EVALUATION FRAMEWORK

The objectives set out in this proposal will be measured through an evaluation. A framework for the evaluation need to be created before fishing begins and should address at least the following points,

- Practical management considerations.
- Management control and ability to meet conservation goals

- Social and economic potential
- Cooperation and co-management between the regulator and the fisher
 - Performance Measures
 - Enforcement
 - Number of infractions
 - Catch monitoring
 - Coverage (% of fleet observed)
 - Validation (% of catch, % of vessels)
 - Costs
 - Number of openings
 - Fishing time required to reach allocation
 - Catch vs. allocations (e.g. overage/underage)
 - For whole Area/Gear
 - Min/Max/Average individual vessel catch
 - Catch composition (evidence of selection/discarding)
 - Size distribution of catch
 - By-catch
 - Number of releases
 - Retained catch of other salmon
 - Total number of trades
 - Min/Max/Avg. quota accumulated per vessel
 - Min/Max/Avg. price per unit of quota
 - Distribution of quota among vessels
 - Income
 - Price per pound
 - Operating costs
 - Comparison of metrics for alternative fishing strategies for those vessels that:
 - Sold all of their quota
 - Bought additional quota
 - Retained original quota only
 - Departmental Contributions in staff hours, financial contributions, etc.
 - Employment
 - Fishing hours