

**Workshop Summary**  
**DFO Internal Workshop on**  
**Implementing Share Based Management**  
**in the Pacific Salmon Fishery**  
**• March 4-5, 2008 •**  
**Segal School of Business, Vancouver, BC**

## **Preface**

The following report summarizes the presentations, discussions and conclusions reached at an internal DFO Workshop on Implementing Share Based Management in the Pacific Salmon Fishery, held on March 4th and 5th at the Segal School of Business (SFU) in Vancouver. The workshop benefited from the participation of knowledgeable and experienced DFO staff with a wide range of expertise and program/area affiliation. It represents an effort to take advantage of “lessons learned” in the past three years of commercial and First Nations demonstration fisheries, and to chart a way forward, both in the short (2008) and longer term. There will undoubtedly be follow-up sessions required as we advance the defined shares concept.

Thanks is owed to all those staff listed below for lending their time and wisdom to this important topic amidst all of their other competing demands.

## **Attendance**

Ron Kadowaki – Facilitator PICFI, PFR	Stuart Kerr – Policy	Randy Brahniuk – RM, SC
Steven Groves – RM, NC	Al Macdonald - TAPD	Greg Thomas – RM, SC
David Einarson – RM, NC	Gordon McEachan – RM, SC	Jeff Grout – RM, FAM
Dave Rekdal – PICFI, NC	Les Jantz – RM, BCI	Paul Ryall – RM, FAM
Brigid Payne – PICFI, TAPD	Barb Snyder – PICFI, TAPD	Leroy Hop Wo – STAD, SC
Adrian Wall – PICFI, BCI	Chris Manore – C&P, FAM	Brian Riddell – Science
Mark Saunders - Policy	Diana Trager – Policy	Paul Coulson - TAPD
Jennifer Nener – PICFI, TAPD	Andrea Goruk – RM, SC	Shannon Williams – DOJ

*(Notes: Dawn Steele)*

## **Introductions**

### ***Ron Kadowaki***

The purpose of the meeting was outlined (see attached Agenda). Addressing the practical, technical, feasibility aspects of moving to share-based management requires clarifying the broader policy context. Participants represent a mix of people from treaties, policy, management, science perspective brought together to address the question of how to make it happen, to exchange views and understanding and to identify scope, key issues and needs for a work plan for the 2008 season (where there are opportunities to make advances) plus longer-term work on policy and engagement.

## **Context & rationale for moving to defined shares in the Pacific salmon fishery**

The Minister reinforced the direction to share-based management in his 2007 PICFI announcement. Reasons include addressing conservation and sustainability, supporting First Nations fisheries aspirations, improving commercial industry viability, facilitating better accountability (traceability) and promoting collaboration on integrated management and stewardship. More specifically:

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**Conservation:** Climate change will increasingly impact adult salmon in freshwater. Watershed Watch Salmon Society argues that share-based fisheries would help achieve the Wild Salmon Policy objectives. Future management will have to be consistent with 400+ Conservation Units (CUs) established under the WSP. The Species At Risk Act (SARA) also requires that salmon be managed at a finer geographic scale, with harvest concentrated where it's most appropriate.

**Economic viability:** The commercial fishery is facing considerably reduced mixed stock harvests, increasing market competition, eco-certification requirements, and rising costs, including future costs of fishery monitoring. The current approach requires a full fleet to compete for limited catch and is inconsistent with the move to inland harvest. Commercial viability is way down (average GDP (revenue minus cost) of about \$4,000 per boat over the recent past).

**First Nations issues** include highly variable aspirations (inland/coastal and large/small groups), so implementation is more complex than a broad overview would suggest. Future management must also address economic and mitigation aspects, not just Food, Social & Ceremonial (FSC) requirements, plus individual harvest agreements. The prospects for meeting FSC needs in a context of declining stocks and population growth are daunting. There is also a desire for flexibility and for meaningful involvement in co-management.

DFO's vision of share-based management is congruent with partner visions, for example that of the Pacific Salmon Endowment Fund.

**Key issues:** These include answering questions such as shares of what and based on what; technical feasibility and long-term affordability; valuing a licence for transfer to First Nations; the role for area licensing and limits on inland transfers; consistency with treaties and the WSP; commercial viability; changes to monitoring and enforcement; regulatory regimes and policy; and how the recreational sector fits in.

Additional comments:

**First Nations treaties** (*Al McDonald*): The mandate to negotiate salmon treaty allocations for both FSC and economic opportunity fisheries is abundance-based (percentage share of Canadian TAC). Two final agreements are near ratification (Tsawwassen and Maa-nulth), four are near final negotiations and another nine at the agreement in principle stage. So defined-share treaties could be in place before long across a wide geographic area. Share-based management is already there for two First Nations, where the individual share is for the band, so this means going to shares for non-treaty and non-First Nations if the intent is to harmonize, with fully integrated fisheries.

Work is underway to resolve the intricacies and how to do a quota system consistently across all fisheries. The question "Shares of what?" is answered in the treaty perspective for Fraser sockeye (with an allocation meaning a share of Canadian TAC).

**Management** (*Jeff Grout*): Managers are very interested in opportunities for this year. Several demonstrations have been proposed or carried out. Key issues include scale of projects (full fleet or continue split quota/derby demos?) and current licensing barriers. Key questions include what can be learned by further demos and whether DFO can impose defined shares fleet-wide if some people want to stick with a derby. It's still unclear if treaty shares would be based on shares of particular stocks in a particular area or just on overall Canadian TAC. Another key question is related to how shares might be defined in different fisheries and fishery regimes (e.g. central coast pink and chum which are managed differently.)

**Discussion:**

- CSAB has been working on several key questions and a report is imminent.
  - It is hoped that CSAB may find consensus (except Area G) on division of fleet shares, perhaps fixed for several years. Some fleets want to move ahead on quotas. If fleet shares are fixed, it may be possible.
- Some external factors are beyond DFO's control. It's not a question of if but how we will move to share-based fisheries.
- Treaty talks are about small shares of Canadian TAC stocks in the FN's territory.
  - It's important to be clear because this may imply very fine levels of accountability that will be very challenging to measure or manage to.
  - Moving to an abundance-drive share-based approach for all fisheries highlights the need for stock assessment, not just for stocks under negotiation but in terms of how stocks like chinook are managed at a broad watershed level
  - The shares being negotiated relate to large stocks (Fraser sockeye) because there is less or no data or TAC calculated for other systems.
  - Commercial catch is shrinking, so shares of that becomes a moving target.
- This highlights the need to combine treaty talks and management to ensure we can actually deliver. It's being worked out incrementally, which is difficult, so it's important to be clear about the end game.
- First Nations are very concerned about how recreational catch will impact future commercial shares. Clarity is needed—if it keeps growing, it will have implications.

## **Lessons learned from demonstration fisheries**

### ***Area H ITQ demonstration fisheries***

***Andrea Goruk***

**2006 and 2007 Fraser sockeye ITQ:** Objectives included better management control, fleet economics and catch monitoring; ensuring manageability; and exploring alternative ways to harvest uncaught troll TAC. Voluntary participants got equal shares (adjustable in season), with mandatory catch validation and data stored in a common database. Experimental licences were used in 2006, and amended condition of licence in 2007.

For 2006, more than half the fleet opted in, and the original quota (2557) was revised down to 1763 in season. Catch was 93% of TAC in the ITQ fleet, 104% in the derby. For the ITQ fleet, catch averages were somewhat lower and fishing time was 16 vs. 7 days. There were 28 quota transfers representing 12% of TAC and more multi-licensed vessels chose the ITQ fishery. One problem was that if either group exceeds its allocation, it affects the other, since there is one allocation for the combined fleet.

**2006 conclusions:** There was still a short window due to conservation concerns. Addressing overages the following year is a challenge in a volunteer demonstration fishery and delays made it difficult to use validated catch in season. There were also enforcement concerns (potential for transfer if both fleets operate side by side). And since both were open under the same VO, it was not possible to close one and not the other.

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For 2007, 84% of Area H and 41% of Area D opted in and they collaborated on validation to cut costs. Area D's proposal was for weekly TACs with carry-over provisions, which raises some issues.

**2007 JS chum:** Participation was limited to 15 of the 29 applicants and the fishery was managed using amended conditions of licence, with mandatory shore-side validation. A large portion of the fleet is inactive during the chum fishery, which makes quota setting a challenge. Shares were initially set at 364 and doubled in season due to indications of later than expected run timing. Total ITQ catch was 51% of the ITQ allocation, as fishermen interest and chum availability declined after the ITQ adjustment. Three vessels did not fish or transfer their quota. Average catch was lower for the ITQ group, but fishing time was longer. There were seven quota transfers (42% of TAC). After accounting for transfers, average catch for boats that actually fished would have been higher than in the derby.

A final report is due shortly, but challenges included setting quota in an effort-based fishery. Had the quota option been open to the entire fleet, more boats might have participated. Some that applied had been previously inactive.

Area H wants another ITQ fishery this year, even if there is no TAC for Fraser sockeye. They also want quota transfers between fleets (e.g. Area B seine, Area D gillnet). They want an expanded Johnstone Strait chum ITQ fishery, perhaps with time-based quotas (e.g. allocate boat-days) since it's an effort-based fishery, and with inter-gear transfer permitted.

**Recommendations:** Consider costs and benefits of demo fisheries in years where poor returns are expected. Establish goal posts for planning and consider full-fleet or multi-fleet ITQ fisheries. Explore options for share-based management within effort-based fisheries—this is one of the most challenging aspects.

### **Discussion**

- Quotas weren't met in the JS chum demo because many didn't go fishing (questions re viability of initial allocation). By the time quota was adjusted up, it was too late. Converting allocation to quotas in an exploitation rate management regime was a learning curve.
  - Seine activity provides an indication of abundance. If you do IQs for seine, there will be no abundance estimate on which to base IQ for troll.
  - You can do a test fishery.
  - Another factor was the area re-selection deadline in mid-October, while the fishery was still open, so some had to stop fishing by then to change areas.
- Fraser sockeye showed the best case scenario (numerical TAC) and chum showed the worst (exploitation rate target). The potential for in-season adjustments makes it challenging so the incremental approach to implementation was helpful.

### **2005-07 Area F chinook ITQ demonstration**

**Dave Rekdal**

**Background:** The demo was supported by most licence holders and participation was voluntary. For 2005, 161 of 168 vessels opted in. Chinook TAC (based on AABM system) was pro-rated between the two groups. Derby catch was marginally under and ITQ catch was marginally over, with 43 boats not achieving their quota. For 2006, there were 246 vessels licensed for Area F after

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area reselection, and 240 opted for the ITQ fishery. Both groups opened together. The derby closed a month later after reaching TAC, and the ITQ group went to Sept 30. For 2007, all but two chose ITQs. A 1% ceiling was set on individual TAC holding. The two derby vessels almost made their allocation in five days but the ITQ group was closed early due to WCVI concerns, with catch way below their quotas. There were 193 quota transfers for about 95,000 fish.

The fleet funded the dockside monitoring program and the DFO manager administered all quota tracking and transfers. Validation data went directly into DFO's ITQ tracking program. Forms were used to request quota transfers, done as amendments to the experimental licence.

**Conclusions:** Continued ITQ demos would help answer questions such as how to address in-season TAC adjustments. The response was positive except regarding the early closure. The slower pace increased safety and product quality while offering marketing flexibility. Fleet size stability is an issue: fleet size is up 58% since 2005, with declining abundance, which means less catch per vessel. WSP and SARA will impact fishing times and areas. Stock assessment is needed to establish a coho TAC to enable an ITQ fishery.

**Possible next steps:** Consultation to explore certainty of access when abundance is low, consistent ITQ approach needed for the coast-wide troll fleet, a defined share process for all gear types coast-wide, clarify rationale for chinook and coho exploitations rates, and a review of WSP and SARA impacts on stocks, harvest areas and timing.

### **Discussion**

- Validated catch for the 2005 ITQ fishery exceeded TAC and several vessels didn't achieve quota, which suggests that others went way over.
  - For the first year, vessels covered their overages after the fact by acquiring quota from others that were under.
  - Audits were done each year and all issues referred to C&P. In the end, all were cleared up.
- One company put all their quotas on one vessel, a practice that was later disallowed through the 1% maximum accumulation rule in 2007.
- Chinook AABM is probably best suited to ITQs, but high-grading is a concern
  - A comparison with derby catches showed this is relatively minor.
- Having DFO managers doing the transfers is time consuming. This should be considered as a cost to the fleet.
  - Other costs include enforcement (longer fishery) and more DNA samples.
  - In most places, industry groups administer quota transfers
  - It has been proposed that Area F form a society to receive and manage funds. This will address costs, Larocque implications, etc.
  - Database costs are another factor. A good database needs slight adjusting each year.
- With only two vessels not doing ITQs, there is strong support for a full quota fishery, which would allow permanent transfers. The WCVI conservation issue is a big one.
- What are the hurdles and how many more lessons need to be learned?

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- It would require consultation with the harvest committee and then a vote and will depend on future conditions. One opponent threatens to immediately sue DFO.
- What are implications of doing full-fleet ITQs in Area F vs. other areas?
  - In groundfish, licence holders pay most of the costs.
  - This relates to viability: fisheries must be viable to afford the costs, so the question is how quickly DFO will require full cost-recovery.
- The 2007 catch was below TAC because they were closed early based on WCVI content. The management plan prescribes a percentage share of the allowable mortality on WCVI Chinook to Area F. This allowable mortality is expressed as a percentage of the Pacific Salmon Treaty (PST), Aggregate Abundance Based Management (AABM) TAC for Area F, and the fishery is managed to remain below this overall WCVI composition.
- It's difficult to fish in Area F under an Individual Stock Based Management (ISBM) regime because WCVI content is very high. Clarification of requirements is needed. Large portions of the North Coast can't be fished for Chinook by troll gear because of weak stocks/ISBM, so the fleet has to be moved to the AABM area.
  - This reflects complexities in managing ocean mixed stock fisheries and connecting it to stocks of concern (Canadian & US) re where and when you can fish in future. Links are also needed to the PST for clarification.
- Additional costs of management time will have to be covered; the need to change management approaches also requires more thought.
- The 1% cap on holdings affects viability. Is it the right number? Has fleet viability been studied?
  - The harvest committee raised concerns re one company stacking, contrary to what had been envisaged. Some study of viability has been done.
- A cap of 1,500 is now proposed to avoid corporate concentration, rather than a fixed percentage
- More broadly, there have been other experimental commercial fisheries include some seine examples, small-bite gillnet in Area D, and pooling for sockeye by the seine fleet in Barclay Sound..

### ***First Nations demonstration fisheries***

#### ***Les Jantz***

Experimental economic opportunity fisheries for First Nations have been underway in the Interior since the early 2000s, starting with experimental fisheries as part of the treaty process for the Lheidli T'enneh (the only ones given a commercial licence).

In 2005, demo fisheries began in earnest in the Interior, with RFPs and allocations (for pink and sockeye initially) from retired licences in the ATP process. Aside from the Lheidli, there was a limited response. That year, extremely late sockeye run timing meant the Secwepemc caught very few of their sockeye allocation and ended up transferring them to meet FSC needs. A Siska fish wheel caught about 3,000 pinks, but a planned beach seine proved difficult to do. The fish wheel was being used for assessment so harvest time was limited to weekends and it was not very successful.

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For 2006, First Nations were encouraged to collaborate as groups and AAROM bodies. But the collapse of the Quesnel run resulted in no fish harvested by the UFFCA, which mainly represented the Lheidli T'enneh. The Secwepemc harvested 3700 sockeye, mostly late run. There was some terminal harvest, for example at Scotch Creek, but quality was very low by the time the fish got there. Siska had no licence due to conflict with a neighbouring First Nation, so overall it was not very successful.

For 2007, group collaboration was again encouraged. The UFFCA saw more interest from the Carrier Sekani, but again, there was no sockeye, and the Lheidli rejected their proposed treaty. Sockeye Licences were issued for the Secwepemc and Siska, but they too had no harvest due to poor returns. Licences were also issued for pinks (Secwepemc caught 10,000 by beach seine and Siska used the fish wheel). For the first year, the Secwepemc were issued a chinook licence.

**Conclusions:** Many of the issues relate to low performance of Fraser sockeye. But even where there was abundance, First Nations faced capacity challenges relating to technique, fishing power, equipment, etc. The Siska approach is proving to be quite successful.

**Lessons learned:** Collaboration is proving to be very important. The cyclic nature of returns suggests the need to collaborate to build capacity that can be moved from area to area to take advantage of opportunities. The Siska have built a cold storage facility but it is not big enough to handle full scale harvesting. First Nations are also looking at value added (smoking facilities). Fly-by-night processors have been another challenge.

### **Discussion**

- Is the intent to fish and market locally or to fish where the allocation has most value?
  - Both, though most are interested in operating locally. One of the issues is licences are issued late at very short notice. Lheidli had success selling at local farmers markets, until problems with low returns, poor condition or fish arriving too late. Getting a steady, predictable supply is important to marketing success. A big issue in the Interior is meeting FSC first.

### ***Lessons learned in the Skeena***

#### ***David Einarson***

An experimental project has transferred fish from the TAC for Area 4 to upriver First Nations (Skeena Fisheries Commission). Last year, DFO calculated and transferred the average catch for 15 gillnets upriver. Migration time is known from tagging, so a licence is issued for a certain amount of fish at a certain time. The commercial people like it because the fish transferred reflect actual catch success in the commercial fishery, and it has worked fairly well. In-river harvest is 100% selective (beach seines, dip nets and weir – no gillnets).

### **Discussion**

- In calculating the gillnet allocation, no mortality factor is included.
- Regarding compensation, there are some ATP licences set aside that can be used. There are also arrangements to set aside some Area C licences under a deal where Ocean Fisheries, a Prince Rupert fish processing company, gets 25% of the catch and First Nations get the rest.



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- If a licence is valued with a share attached, it could be transferred within the fleet and also used for temporary transfer upriver. This has worked for both First Nations and commercial. Some licences could also be permanently retired and the allocation transferred.
- There are some challenges; e.g. if many individual shares are transferred upriver, it changes CPUE in the general commercial fishery.

### **What do we mean by defined shares**

#### ***Ron Kadowaki***

Proposed principles include consistency with WSP, allocation policy, FN treaty process, PST; fair, transparent, technically feasible and affordable; and involvement of FN and other harvesters in planning.

A proposed framework would break down shares by sector (commercial, FN, recreational, conservation) at Level 1; with a further (Level 2) breakdown by gear type, individual FN or geographic area (Level 2); and then individual shares (Level 3). Transferability is a key attribute, and may occur between levels or within levels.

Shares could be based on TAC by species or sockeye equivalents, by production area or management units or by CUs. Other possible considerations in determining shares include fishing opportunity (boat days), catch from a historical base period (what period?), income profiles (seine, gillnet, etc.), social considerations (active/inactive licensees and small communities) and adjacency to surplus production.

CSAB asked to provide guidance and provided preliminary advice in January, with a final report expected shortly. Basically the group is split into two camps, one with a distinctly economic focus and the other social.

Group A (Processors and Areas A,B, D, H & F) propose a fixed commercial/recreational share at Level 1, fixed gear shares of commercial TAC for each of 25 production areas and equal ITQs for all licensees. They worked out a table with example fleet shares based on 25 production areas.

Group B (Area E, C, G and UFAWU) propose an inter-sectoral allocation process to resolve issues at Level 1, with flexible fleet shares using the existing allocation process at Level 2 and measures that preserve opportunity to fish for active fishers at level 3.

In moving ahead, key issues will involve trade-offs between the size of benefits and the ability to address complexity and the costs and rate of implementation.

Key questions include:

- What is the “end game?” This includes FN shares inside and out of treaties, what the recreational fishery will look like and WSP implementation (Assessment frameworks, benchmarks and individual management plans for 400 CUs?)
- How fast? The incremental approach has been valuable, but how long can that continue? Should this follow WSP implementation? There are trade-offs to waiting in terms of conservation and industry viability.
- How much uncertainty is acceptable in implementing share based management?

#### **Discussion**

- Additional point: What is our capacity to implement share-based management?

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- On how much uncertainty can be tolerated, ITQ proponents say DFO should not try to work out all the questions. If we decide it is right, let industry work out the details.
  - DFO has obligations relating to conservation and First Nations, but industry can work out some details. The question is how comfortable are we with our current understanding. Meanwhile, stocks are declining and more fishermen are leaving.
- Fishermen aren't making money. The question is how long can they afford to stick around and how fast can we move politically. CSAB is expected to propose a plan with one subgroup willing to move ahead right away. Significant steps are needed because if we wait much longer, it will be gone.
- One of the biggest stumbling blocks is rigid regulations, and it has gotten worse (e.g. Larocque and not being able to stack licences within a fleet).
  - Need to identify obstacles and priorities that can be fast tracked.
- We do need to make significant changes and soon. We won't get it exactly right even if we delay. Key issues include capacity, politics and how to deal with naysayers. Another Area H or Area F experiment won't tell us much more. It's important to show First Nations and the commercial industry that we can and will change.
  - There is an expectation that we will ramp up (PICFI) the move to share based management. We won't have a final product but what is the next step? Both commercial and First Nations identify a need for flexibility (e.g. splitting or lumping shares).
- What are the guidelines on fleet voting and buy-in to proceed?
  - DFO can make decisions, so it's not just what the fleet thinks. A full fleet approach may teach lessons we don't get from split demos.
- Key needs include identifying capacity to implement and what are the impediments. What is the sequence of major decisions to do this incrementally and build a logic model for the RDG?
- Another issue is the profile of WSP in this. It's about balancing conservation and the fishery: what level of fishing is required to avoid wiping out a stock without enormous economic disruption? Questions include situations like Sakinaw sockeye, for example, where no amount of reductions in fishing will rebuild or maintain the stock. The integrated management approaches discussed under Strategy 4 of the WSP is a process for the people affected by decisions like this are involved in making the decisions. If you define 11 or 12 regions or groups of Conservation Units (CUs) and get the integrated management groups together, they can help make the decisions.
- It will be important to bring people together to discuss the best use of surplus fish and to make the tough calls. When managers say they don't have the info needed to do more than manage to an exploitation rate, it highlights the complexity of moving to a share-based approach across the board where it will be necessary to define CUs, benchmarks and other key issues. But that should not paralyze us.
  - The issue is not just about benchmarks, but about going to aggregate management or Management Units.
- Alternatively, we need to design an approach to proceed that is adaptive enough to respond to WSP as it is implemented.

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- The substantially increased variability of abundance in the last two years is another strong argument for more flexibility.
- Pearse McRae had a very specific model of ITQs in mind, based on existing fisheries. The idea of a flexible approach is quite different, and it could eventually lead to a more definitive system. The end point may not be reachable in the foreseeable future.
- A way is needed to share catch after the fact if you can't predict abundance. You can manage so you catch the TAC and then address where it goes after.
- We don't currently have control of fish once they're in the boat.
- How many licence holders are in Group B vs. A? Most in the fleet want to proceed, plus First Nations, so the end game is IQs for the salmon fishery. Exactly how you do it is complex due to migratory aspects, variable abundance, etc. But it's just a matter of sequencing things and addressing hurdles, and we either start or it's game over.
  - If Group A is already working on issues, whereas group B hasn't bought in, you could phase it in incrementally.
- Why is Group B opposed?
  - They feel that a self-rationalization process already exists: some people stay home and others do OK. Also, that local communities closer to the fishery should get the benefits. The union also wants to save jobs.
  - What incentive is there to change? (e.g. costs of holding a licence/not fishing)
  - Economic incentives have been enough to force much of the fleet to change.
- DFO must choose its priorities: Is it fair to have shares for those who don't fish?
  - People aren't fishing due to recent abundance so is that fair if they historically did have a share? CSAB agrees that you should treat all licences the same.
- Is supporting coastal communities a government priority?
  - Yes, but within an economically-sustainable framework that goes beyond fishing related economic activities.
- Is this about change for this year? What is the consultation timeline?
  - The idea is to do significant but incremental change; consultation is ongoing
- Care is needed to avoid encouraging behaviour changes to establish entitlement. Equal shares avoids that.
- The groundfish process started in 2004, with nine months of an integrated advisory committee working out how to meet the guidelines provided. Then consultations from July 2005 to April 2006. Then DFO was taken to court and won.

## **Breakout Discussions**

Participants broke into two groups to discuss the following: 1) Shares of what & how does it mesh with WSP and treaties (complex technical/policy questions); 2) 2008 next steps: demos, including FN, and the idea of harvesting salmon throughout their range

***Group 1 report***

**What is the end game?**

There is a sustainable fishery, with flexible transfers, stability of access, economic viability and clear shares for all. Integration is complete, with harmonization of programs and management, better monitoring, more comprehensive stock assessment, and clarity about what it means for people upriver. The system is manageable, affordable and management is inclusive. The industry is self-sustaining and the fishery fully subscribed, with individual/group accountability. Shares are fully transferable and non-treaty FSC is addressed.

**How to get there?**

- Shares of what: There are different views re individual CUs vs. management areas. There may be a way to integrate them, but this needs work.
- Shares to whom: break it down at the various levels
- Improve assessment
- First define fleet shares and solidify
- A staged approach: move ahead where things are in place/ready, and focus on fisheries where there is lower risk or where it's pragmatic
- Address recreational share first? There is a policy in place. This may have to be addressed but not initially, as with FSC.
- Identify where there is the highest risk of doing nothing: e.g. avoiding weaker stocks or moving to more selective fisheries.

***Group 2 report:***

**Opportunities noted for 2008:**

- Area A seine
- Area F coho & chinook
- FN Kitimat chum
- FN Skeena sockeye & pinks
- FN Bella Coola chinook
- Barclay sockeye (D, B)
- Fraser sockeye (D, B, H)
- Fraser/JS chum (D, B, H)
- Nitinat chum (B)
- Upper WC chum
- FN Fraser sockeye
- FN Harrison chum
- FN Thomson chinook

- Cowichan chum (FN & E)

**Goals and impediments:**

- Political will is not clear: can this be imposed on fisheries without 100% buy-in?
- Defining/setting appropriate TAC: What opportunity is there to change TAC in-season and how to do it for quotas?
- Conditions of licence: mechanical issues relating to a split fleet
- Who pays for catch monitoring & validation?
- Enforcement
- Legal risk of imposing fleet-wide quotas
- DFO and industry capacity to implement for 2008
- Short time frame for 2008

The group concluded it was more realistic to look at extending previous demo fisheries and pursuing the following for 2008, leaving the rest for future years:

- Area F troll: chinook full fleet ITQs (legal risk?)
- FN Skeena sockeye & pink: same as 2007
- Area A seine full fleet: brand new for 2008

**Discussion**

- Should DFO entertain a demonstration fishery based on speculation that stocks may come back stronger? This is a political/senior management decision and it can't be pulled off at the last moment.
  - In the longer term, managers will have to be prepared to do this annually, but getting a new demo off the ground involves a lot more prep work.
- Discussion: It's time to put together a full fleet ITQ fishery for chinook in Area F. It could be done as a 3-year pilot. It would be less work for managers, but there are other issues, including the need for a fleet vote and Ministerial approval.

Wrapping up, it was noted that Day 2 would focus on short/long-term items for a work plan, regulatory/policy issues and engagement strategy, including for recreational sector.

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## **Recap of Day 1, Overview of Day 2 objectives**

Day 1 discussion was useful in connecting demonstrations on the ground to what needs to be done. The Day 2 focus is on policy, what needs to be done, engagement strategies and work plan/next steps, including who does what and communication. Work on share-based management has been happening in pockets—we need to pull it together and support managers trying to advance this on the ground.

Key points from Day 1 discussion of demonstration fisheries and advancing the share-based management concept:

**End game:**

- Sharing at the management unit (MU) level: combination of CUs of a particular species with similar migratory and fishery management characteristics
- Methodology is needed to subdivide MUs into units appropriate for individual FNs under treaty. (Alternately, state that we will manage to MUs and this will inform the treaty process.)
- Clear shares by MUs for FN commercial & FSC (abundance-based)
- Individual commercial fishers will have quota. Gear becomes irrelevant (you can trade, move shares around), so how people fish relates to their own economic objectives, biology, conservation, etc.
- Recreational fishery also has clear shares: not necessarily fixed at all run sizes - it could be a sliding scale with higher share at low abundance for Chinook and coho.
- All fisheries may take place throughout the geographic range of the MU
- Clear methodology for transferring shares within and between groups (to address economic viability, conservation etc)
- Accountability for compliance and tracking resides with the individual holding the share; government role focuses on conservation, audit function, etc
- Sufficient stock assessment to enable establishment of annual TACs (vs. current effort-based management of some fisheries)
- Sufficient flexibility in management to make in-season adjustments.

**Short term: 2008**

- It's the first season after PICFI announcement and three years of pilots, so an opportunity to advance the share-based management agenda
- Develop proposals for 2008 to continue previous demonstration fisheries with interested fleets
- Consider new proposals as interest is expressed and DFO capacity exists
- Consider incremental advancement of demo fisheries

## **Policies and regulation**

**Policy issues**

- Establish fleet and individual shares in the commercial fishery
- Licensing policies must reflect shift from input controls (effort, size of boat) to output controls (catch)
- Move to inland commercial fisheries (what policy change is needed to do it at a larger scale?)
- What does self-reliance look like? Cost recovery, collaborative management
- Rate of change to share-based management? (risks/benefits of going fast/slow)
- Share-based approach for non-treaty FSC and recreational fisheries (longer term)

**Regulatory issues**

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- Transferability: how to move shares between individuals and groups?
- Moving commercial fisheries inland: inspection, province/DFO authority
- Enforceability of demo fisheries (one fleet/two fisheries)
- Larocque: use of experimental licences: big headache

### Discussion

- **Communication:** care needed in discussing a shift from input controls like mesh size and fishing time/location (e.g. to avoid giving impression that by-catch doesn't matter).
  - You could distinguish between issues like mesh size and those like boat length
  - WSP and precautionary principles would still govern all this
  - Distinguish between policy & management (details should not be in policy)
- It will be a learning process for both managers and fishers
- Suggest stronger wording than “consider” re use of experimental licences.
- Workload implications of dual system, i.e. voluntary split fleet - we should just make a decision
- **Demonstration fishery briefing notes:** get it into the system early; problems with past delays in decision making.
  - Include criteria/guidelines for demo fisheries that would be acceptable: e.g full fleet, mandatory validation, cost recovery, evaluation, inter-fleet transfers etc.
  - Internal evaluation working group has been fragmented in the past; give more thought to having one group that will evaluate all proposals with more consistency
- **Timeline:** Consider the time horizon for moving to a permanent change when testing new approaches.
  - Where does 2008 fit within the overall strategic plan—it needs to be clearer
  - Maybe there is a 5-year plan: it's useful to set out a strategy/framework
- **Clear shares** could be by MUs or groups of MUs to allow flexibility, as with the recreational fishery. May be difficult to manage to fixed shares of each MU.
  - Identify commercial share with flexibility to fleet or gear shares depending on what transpires with the fishery
  - Licence holder would have a fixed share for a group of MUs and a target for individual MUs; managers would work with them on how to craft the fishery
- **Experimental licences:** More flexibility is needed to set out conditions—currently the licence holder has to request any changes.
  - It's only an issue with a split fleet
  - Clarification is being sought on use of scientific licences but preference is for going to full fleet.
  - Even before Larocque, the legal advice was that use of science licences for demonstration fisheries was tenuous at best. It's not an appropriate use of the licence.

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- Points to address in a briefing note include questions about going to full fleet approaches, inter-fleet transferability, use of scientific licences & rate of change (where 2008 fits in).

### **Comments on policy:**

- It should be clear that rules and conditions re caps on quota holding, permanent vs. temporary share transfer, etc. will generally come from industry, once a decision is made to go to a share-based fishery.
  - Conditions may address many concerns—quotas can be done in many ways
  - Do ITQ opponents understand that social or equity concerns can be addressed through the rules for implementation?
  - It's not just industry-motivated ITQ issues, other public policy issues need consideration (coastal communities, unions)
  - Some will be government policy decisions: buy back, coastal communities, FN, and social considerations like holding caps, transferability/adjacency
- More work is needed on timelines (certainty for industry), and policy work on management of FSC fisheries, including how to integrate them as more FN get involved commercially. These are complex and sensitive issues—not short term.
  - Room for all: Limits on how much salmon is transferred to FN for treaty-related harvest agreements? It is part of the end game, but needs to be addressed earlier.
- Policy needed on share transfer between gears: not permitted in the past.
  - Decision item for 2008 demo fisheries—fleets involved would have to agree.
- Are current consultation processes robust enough? Do we need to modify/create new ones?
- How much will be transferred to any individual band: implications for future treaties.

### **Comments on regulatory issues**

- Experimental licence problems: should further demos be required to move to full fleet pilots?
- If you can get fish upriver, DFO can licence and work with the Province. More collaboration is expected re plant monitoring. DFO can impose rules on any commercial fishery. CFIA also has a role re plants.
- What about small FN groups that don't do assessment & reporting; enforceability of communal licences:
  - Currently, no communal commercial fisheries inland, only EO fisheries
  - As you move inland, individualized conditions of licence may be needed, but ACFLR licence gives the capacity to do that
  - Accurate reporting of FSC catch is a question of legal risk management and capacity to enforce. An incentive can be the link between commercial opportunities and the requirement for accurate reporting of all catch (FSC and commercial).
  - Regulations will be reviewed under a new Fisheries Act, but it will take years
  - Inland fishery can be managed on a share basis with existing regulations (with some adjustment of conditions)



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- In marine areas, an ITQ system for FN commercial salmon is doable. With a communal commercial licence for salmon, licence condition would define the allocation.
- If you don't define shares at the individual level, there is no capacity to enforce fleet shares—it's all in good faith.
- Vessels can't be forced to abide by pool rules.
  - Voluntary agreements used currently in the herring fishery are risky - you can't stop other boats showing up and it could potentially lead to conflicts with recreational fishers if a full fleet shows up to a salmon pool fishery where only a small number of boats are expected.
  - You can enforce ITQs, but not aggregation/pool—the only stick is closing the fishery, so this needs to be addressed.
- You could spend forever discussing initial share and whether it's based on history or whatever. It may be worth just stating that it will be equal shares up front.
  - CSAB is saying that all licences should be valued equally for transfer to First Nations.

### **Engagement strategy**

Consideration is needed on whether groups are engaged adequately and appropriately. The principles outlined earlier indicate who should be involved: FN at all scales, commercial harvesters & processors, recreational interests, ENGOs, the Province, DFO, INAC & FTNO, and other government departments re adjustment programs and social considerations.

**Proposed short term approach** (March – July 2008): CSAB advice is expected in late March. The new FN Fisheries Council has created a PICFI Working Group that is working with DFO on PICFI design and design for licence transfer/access. It provides a good forum for in-depth discussion. The next step would be to prepare a draft approach for a fall workshop. DFO fall community meetings will also discuss share-based management. There will also be bilateral discussions with FN, FN Fisheries Council and the existing sectoral processes. This does not include the demos for 2008; it's more about discussing 2009 and beyond, maybe in a 3-5 year plan starting in 2008 or 2009.

### **Discussion**

- Set a target like the 2010 Olympics and work back in terms of what must be done.
  - How robust a role can the new First Nation Fisheries Council provide in consultation?
  - Their role would not be seen as consultation. It's about developing a product that we can take to FN for consultation.
- A proposed 5-year plan should be ready for consultation in the fall.
  - Link it to PICFI's 4-5 year plan. Also consider that there will be nothing left if we wait three years
- Use the IHPC process to discuss this at May 6/7 meting. There is indication that recommendations for a new IHPC policy forum may happen. It could address a number of the policy issues, so there is good reason to speed it up.
  - The establishment of the FN Fisheries Council bodes well for many processes.
- Getting too far out on 2008 demo fisheries signals to some people that we're already there.

- We can make a compelling case that we're on track.
- Attendance at the recent FN process on harvest sharing has been very good. This process is another good place to discuss this.
- Affordability is a key issue (increased management costs, dockside monitoring, etc will be more expensive). Is the plan to transfer all extra costs to the fleet eventually?
  - This links to the idea of what is meant by self-reliance and how quickly do you get there. DFO can pay some up-front costs for demonstration fisheries, but once you expand, affordability becomes more pressing.
  - It's also important to give industry clarity re future expectations on costs.
  - It is possible to build in some nice carrots in current PICFI planning
- Set up a speakers' bureau to do the sector-based discussions.
  - There needs to be a consistent, clear message and advocacy for change by DFO
- It's important to set out the end game and what can be done in the next five years or so. The multi-year plan is the draft approach to be discussed in fall 2008
- Different levels of understanding among different groups need different messaging
  - It will be very useful to have technical people in the FN Fisheries Council who can address those aspects
- The fall consultation does not offer the status quo as an option, but does it need to be as prescriptive as offering a five-year plan? Maybe it should be a short-term plan and a request for guidance re the longer term.
  - Do an early mail-out to all groups in advance to ensure they're aware of the game plan, plus post it on the PICFI website.
  - Communicate that salmon reform is one part of broader reform package (crab, prawn, herring?)

## **Work plan and next steps**

Proposed:

- Briefing note: 2008 demonstration fishery policy guidance
- Invigorate demonstration fishery working groups & ensure the right people and evaluation frameworks are there
- Form an intersectoral team to develop a 3-5 year plan: TAPD, FAM, areas, policy, science, legal – broader group to provide input
- Develop 3-5 year plan for share-based management
  - Vision, objectives
  - Guiding principles, framework
  - Policy, regulatory, technical
  - Engagement strategy
- Technical work to implement a share-based system

## **Discussion**

- There was broad based for moving forward on defined shares in the commercial salmon fishery as quickly as possible subject to DFO capacity and work on technical issues.
- A concern was raised about that upon approval of a demonstration fishery with the IFMP, how can we avoid having to revise salmon licences with new conditions of licence after they have been issued?
  - Proposal: use Condition of Licence WG to help address this
  - At the broader level, a different approach is needed if it's not the full fleet.
  - You can delay issuing licences where possible and/or advise people to delay renewing where demos are under consideration.
  - DFO can only impose a change for conservation; for management, the licence holder has to request the change.
  - East Coast practice is to issue all licences January 1, but they are not effective until conditions are issued based on the fishing plan.
  - It's possible to issue licence with Schedule 2 species initially
  - Need to set a realistic timeline; a 2-step approach makes most sense.
- What technical work (first cut) needs to be done to begin design of management units for sharing, with links to WSP and PICFI: Shares of what? Which ones can be done right away?
  - Start with existing 25 production areas and current management (vs. 400+ CUs) and adapt these as WSP benchmarks are identified
  - Consider the groups used in the Stock Outlook document
  - WSP implementation is envisioned as being slower than this process
  - We discussed shares with flexibility across a geographic range: work on what that means in practice
  - Also consider treaties (feasibility/implementation)
  - Should the intersectoral team set the timeline? It will be medium term (3-5 years)

## **Next steps**

1. Discuss share based salmon management further at internal DFO meetings aimed at developing a strategic plan for post-treaty fisheries management;
  - R. Kadowaki, A. Macdonald, P. Ryall
2. Develop accountability protocol among key directors to clarify roles in developing a share based management strategy for salmon, including the formation of an inter-sectoral team and the production of a discussion paper to support the engagement strategy. This would be actioned, at least as an initial step, through the Way Forward Committee.
  - R. Kadowaki
3. Develop Engagement Strategy based on workshop discussion.
  - D. Phelan

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4. Re-start Internal Demonstration Fishery Review Team
  - J. Grout
5. Initiate development of initial demonstration fishery briefing note seeking direction on key issues for 2008
  - J. Grout

# DRAFT AGENDA

## DFO Internal Workshop on Implementing Share Based Management in the Pacific Salmon Fishery

### March 4<sup>th</sup>/5<sup>th</sup>, 2008

#### **Workshop Objectives/Purpose**

- Clarifying the context for moving to defined shares – DFO/industry/First Nations/recreational fishery perspectives
- Providing a forum for key DFO fisheries managers, aboriginal policy/treaty staff and technical support staff to assess the technical feasibility of developing a share based management approach for Pacific salmon
- Developing a work plan to guide next steps, including;
  - an engagement strategy,
  - further technical work,
  - approaches to considering economic and social factors, and
  - outlining an approach for moving forward with demonstration fisheries in 2008.

#### **DAY 1 AGENDA**

Time	Description
9:00 – 9:15	<b>Introductions and Review of Objectives and Agenda</b>
9:15 – 10:00	<b>The context and rationale for moving to defined shares in the Pacific salmon fishery</b> <ul style="list-style-type: none"> <li>• Departmental Strategic Plan, Pacific Region Implementation Plan</li> <li>• Pacific Fisheries Reform – PICFI, experiences in other fisheries</li> <li>• Treaties</li> <li>• Conservation - Wild Salmon Policy, SARA</li> <li>• CSAB, First Nations, SFAB perspectives</li> </ul>
10:00 – 10:20	<b>Break</b>
10:20 – 11:15	<b>What have we learned from demonstration fisheries?</b> <ul style="list-style-type: none"> <li>• Commercial</li> <li>• First Nations</li> </ul>
11:15 – 12:00	<b>What do we mean by defined shares management?</b> <ul style="list-style-type: none"> <li>• Group discussion on what this could look like; fleet shares, FN's shares, IQ's, ITQ's                             <ul style="list-style-type: none"> <li>▪ Strengths/weaknesses of each approach?</li> </ul> </li> <li>• Defined shares of what? e.g. production area, management unit, conservation unit, etc.</li> </ul>
12:00 – 12:45	<b>Lunch</b>
12:45 – 2:00	<b>What do we mean by defined shares management? continued</b>
2:00-2:40	<b>Technical Considerations</b> <ul style="list-style-type: none"> <li>• Do we have the information needed to implement defined shares management?                             <ul style="list-style-type: none"> <li>▪ If not, what's missing?</li> </ul> </li> <li>• Are there less data intensive approaches? What are the trade-offs?</li> <li>• Do we have the necessary fisheries management tools, including information management systems?</li> </ul>
2:40 – 3:00	<b>Break</b>
3:00 – 4:30	<b>Technical Considerations - continued</b>

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### DAY 2 AGENDA

Time	Description
8:30 – 8:45	<b>Day 1 Recap and Overview of Day 2 Objectives</b>
8:45 – 10:00	<b>Policies and Regulations</b> <ul style="list-style-type: none"><li>• Are current policies and regulations compatible with moving to share based salmon management? If not, what needs to change?</li></ul>
10:00 – 10:20	<b>Break</b>
10:20 – 11:00	<b>Engagement Strategy</b> <ul style="list-style-type: none"><li>• How should we engage with fisheries interests in advancing the development of defined shares salmon management?</li></ul>
11:00 – 12:00	<b>Work Plan and Next Steps</b> <ul style="list-style-type: none"><li>• What needs to be done and who should do it?</li><li>• How should we approach demonstration fisheries for the 2008 season?</li></ul>