

Salmon Management Reform

 Diamond
Management
Consulting Inc

A reporting out on the work of the Commercial Salmon Advisory Board's committee on Options for Review and Evaluation (SCORE) to reform the management of the Pacific Salmon Fishery off the west coast of Canada

SCORE
Report

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EXECUTIVE SUMMARY

The Pacific Salmon Fishery has declined dramatically over the past four cycles. Landings, landed value and fishing effort in the 2003-06 cycle were down 62%, 78% and 80%, respectively, compared to the 1991-94 cycle. Though most would agree that the commercial salmon fishery is now a fraction of its former stature, there is a diversity of opinion on which factors brought it to this state. More than a dozen such factors are identified in this report, indicating the complexity that now faces the commercial industry. The scope of this challenge requires a strategic, coordinated, thoughtful response by the BC commercial salmon industry. The problem is far from simple and it is not going away.

The Commercial Salmon Advisory Board (CSAB) struck a Subcommittee on Options for Review and Evaluation (SCORE) to consider options to address the decline in the salmon fishery and how it might be redressed. The Commercial Salmon Advisory Board, the Department of Fisheries and Oceans and the provincial Ministry of Environment together retained Diamond Management Consulting to design and engage SCORE and the CSAB in a consultative process to provide advice to the Department of Fisheries and Oceans on a new management framework for commercial salmon fleets.

The SCORE work began in the fall of 2006 and continued into the spring of 2007. The CSAB developed a set of draft principles to guide their future deliberations, as well as draft mission and vision statements. Work was done in learning the skills and knowledge of collaborative, consensus-building processes.

The Honourable Loyola Hearn, Minister of Fisheries and Oceans, announced the Pacific Integrated Commercial Fisheries Initiative (PICFI) on July 16, 2007. PICFI introduced a requirement for a share-based approach to managing Pacific salmon. The debate over whether to move to a catch share arrangement effectively ended at that point.

Fisheries and Oceans Canada provided amended direction consistent with PICFI in a letter to the CSAB dated August 13, 2007. In its letter, the department requested advice on a management framework for commercial salmon fleets that would include the following elements:

- ❑ Has 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.
- ❑ Includes defined catch shares for all commercial salmon fishing fleets to provide for greater certainty and stability, and additional flexibility in structuring fisheries, including the potential for inter-fleet transfers under mutually beneficial circumstances.
- ❑ Can be delivered in an integrated manner with share based commercial fisheries conducted by First Nations (ie, all parties have an equal opportunity to harvest their shares under similar rules and common conservation objectives).
- ❑ Contains a mechanism to permit transfers of catch shares, through voluntary license retirement in a fair and transparent manner.

Diamond Management Consulting was directed to summarize the CSAB's views regarding the issues on which advice was requested in a report including, if necessary, majority and minority opinions with clear rationales for the views expressed by participants at the CSAB negotiation table. Additionally, we were directed to narrow the differences by identifying as many areas of agreement as possible.

This report responds to the request for advice described above and contained in the August 13, 2007 letter from the Department of Fisheries and Oceans. While the report chronicles our work with CSAB and, we believe, accurately conveys both the tenor and the outcome of discussions and negotiations, readers should be clear that this is a Diamond Management Consulting report rather than a CSAB product. Throughout our consultations, there were varying interpretations of what defines a consensus decision and how the discussions were to be reported out by the facilitators. We did not achieve consensus on the meaning of consensus, nor on what content of the discussions was to be reported out.

We believe that consensus refers to an outcome in which an agreement, settlement or solution is generated that all participants can support or at least do not oppose. Consensus refers to the type of decision, not a particular process, although a collaborative process that seeks to identify the interests of all the concerned parties will more likely achieve consensus.

With respect to reporting out, we present here the voices of two distinct perspectives, majority and minority responses to the request for advice from the Department of Fisheries and Oceans. The reporting format is consistent with our terms of reference as outlined elsewhere in this report.

The complex problems facing the commercial salmon industry required balancing the technical knowledge of many issues with an open process that encouraged effective participation. In designing this consultation process we took an integral approach, integrating the practical—those issues related to technical expertise and knowledge—with the personal—those issues related to facilitating each meeting in a manner that supported collaborative interaction and problem solving.

Twice it was necessary to adapt our process. We first broke the large group into smaller caucus groups with participation randomly selected. This proved to be a more effective discussion model that encouraged higher levels of participant engagement and civil discourse, although it remained challenging given value pluralism and diversity. When we brought the large group together this challenge was amplified.

We therefore decided to redesign the caucus structure to bring together like-minded people who would each engage in problem solving sessions. The composition of the two groups was easily and naturally arrived at.

- ❖ The Effective Process/IAP caucus comprised representatives from Areas C, E, G and the UFAWU.
- ❖ The Defined Shares/ITQ caucus comprised representatives from Areas A, B, D, F, H, and processors.

The Native Brotherhood chose not to participate in the SCORE process.

These were our most productive meetings as they allowed us to more fully hear and investigate the two distinct perspectives on the problems facing industry that the two caucus groups represented. Members of each group worked well together and although there were differences, participants in each were aligned in their thinking and approaches to problem solving. We convened the larger group once again and presented the thinking of each caucus, seeking to identify and define areas of consensus between the groups.

Very early in the process it became apparent that participants held very different conceptions of the meaning, characteristics and implications of shares.

- ▣ The Defined Shares/ITQ caucus felt that a share must be a fixed percentage – at least as a starting point – so that an individual would know year-to-year what his slice of the pie represented, and to facilitate transfers.
- ▣ The Effective Process/IAP caucus argued that shares must be revisited annually to accommodate changes in resource abundance, to facilitate reasonable participation by each gear/area and to ensure fair gear splits. Where shares would be revisited annually, transfers could still be accommodated through a system of licence buybacks, audit, and evaluation.

One participant prepared and presented to SCORE for consideration by all CSAB participants a substantive document entitled Integrated Allocation Process – Draft Terms of Reference. The ideas contained in the Integrated Allocation Process (IAP) were later termed the Effective Process/IAP path to addressing the salmon-share question.

We fashioned a one-page chart showing the various levels at which discussions and decisions were required:

- ▣ Intersectoral Allocations—what is the commercial TAC?
- ▣ Fleet shares—how is the commercial TAC divided up amongst the gear types and the licensed areas?
- ▣ Individual shares—what is the value of an individual licence? How much harvest is nominally or actually attached to it?
- ▣ Fishery Management—how can/should the fishery be managed under defined shares (at the fleet level at least, but possibly down to the individual share level) to achieve the objectives set out in the August 2007 letter from DFO.

Ultimately, two distinct paths or approaches to these questions emerged, which were termed the Effective Process/IAP approach and the Defined Shares/ITQ approach. The views of each group are summarised in a large two column table in this report. In addition to the four levels described above, we summarised:

- ▣ The Guiding Principles and underlying rationale of each approach,
- ▣ How treaty transfers would work under each approach, and
- ▣ The core value driving each approach.

The process concluded with a meeting of the full Commercial Salmon Advisory Board at which the Two Paths document was presented and discussed. The Board went level-by-level through the decision matrix searching for areas of commonality. While no bridge for fully integrating the two approaches was found, considerable progress was made in finding concurrence. This is reported in a three column table with the areas of consensus shown between the two paths described earlier. This table effectively summarizes the progress made by CSAB in fulfilling its mandate to develop a share-based system for the commercial salmon fishery that provides a mechanism to transfer commercial allocations to First Nations.

On the final day of last CSAB meeting, the parties engaged in negotiations to try to close some of the significant ground still separating the two positions.

The gist of these negotiations is as follows:

- ❖ It was suggested that a trade-off be made – that the Effective Process/IAP group would consider discussions about an ITQ plan, complete with social safeguards, if the Defined Shares/ITQ group would consider a fixed time-frame for fixing gear shares (say, one or two cycles).
- ❖ This appeared to be a breakthrough in the making, as the Effective Process/IAP group had heretofore resisted ITQs as an option, and the Defined Shares/ITQ group had not acknowledged the possibility of less-than-permanent share-fixing.
- ❖ There was near-consensus on this proposition, though consensus was ultimately blocked by the withdrawal of support by one participant.

To carry on with our work when not in caucus or full meetings, we established a web-based virtual office that served as a document archive, supported several discussion threads and facilitated consistent and regular communication among all participants. Communication and availability of information was transparent, clear and accessible. Dozens of background documents and hundreds of comments are archived in the office. The Defined Shares/ITQ group made overwhelming use of the virtual office; the Effective Process/IAP group made minimal use of it.

We include this narrative on “11th hour” discussions to illustrate that:

- ❖ There appears to be room for further flex in the parties’ positions.
- ❖ Consensus is a lofty target for a group such as CSAB with such divergent, and philosophically-driven, approaches to problem-solving.

It is widely acknowledged that a substantial proportion of the commercial salmon fleet ties up each season because of poor expectations and results. It is further acknowledged that the inactive vessels are providing benefits to the active fleet — the pie is divided amongst fewer vessels, improving results for the active fleet.

There is intense division on how to treat inactive vessels in future salmon management:

- ❖ The Effective Process/IAP caucus believes that future benefits from the fishery should continue to accrue to active vessels only.

- The Defined Shares/ITQ caucus believes that inactive vessels—having conferred tangible benefits to their active brethren—should be full participants in the future of the fishery.

There is recognition that under PICFI and other programs that confer commercial access to First Nations, it will largely be inactive licences that are retired and returned to active status by their new holders, and that this will diminish the pie available for active fishers. The debate concerning treatment of active vs inactive vessels, we observed, was a lightning-rod issue during this process, an issue that cut to the core values of participants. Resolution of how inactive vessels should be treated will be key to achieving buy-in for any future solution.

The report concludes with a synthesis of CSAB's advice on the four elements of a management framework for commercial salmon fleets set out in the Department of Fisheries and Oceans' letter to the CSAB of August 17, 2007.

OUR MANDATE

Diamond Management Consulting Inc was asked by the Commercial Salmon Advisory Board (CSAB) and the Department of Fisheries and Oceans to prepare and submit a report to provide advice to the Department of Fisheries and Oceans on a new management framework for commercial salmon fleets. Because our mandate shifted during the course of our consultations with the CSAB, a brief recap is required.

The SCORE work began in the fall of 2006 and continued into the spring of 2007. The work was divided between canvassing the views of CSAB members on future management of the commercial salmon fishery and focusing on process issues. The CSAB drafted a Vision Statement and a Mission Statement; they then drafted a set of Principles to guide their future deliberations. All the while, they continued to learn the knowledge and skills of collaborative, consensus building processes.

The Honourable Loyola Hearn, Minister of Fisheries and Oceans, announced the Pacific Integrated Commercial Fisheries Initiative (PICFI) on July 16, 2007. PICFI includes a requirement for a share-based approach to managing Pacific salmon. Following the PICFI announcement, the focus of our work with the CSAB was, accordingly, distinctly different. The decision about shares had been made.

Fisheries and Oceans Canada provided amended direction consistent with PICFI in a letter to the CSAB dated August 13, 2007. In its letter, the department requested advice on a management framework for commercial salmon fleets that:

- ❑ Has 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.
- ❑ Includes defined catch shares for all commercial salmon fishing fleets to provide for greater certainty and stability, and additional flexibility in structuring fisheries, including the potential for inter-fleet transfers under mutually beneficial circumstances.
- ❑ Can be delivered in an integrated manner with share-based commercial fisheries conducted by First Nations (ie, all parties have an equal opportunity to harvest their shares under similar rules and common conservation objectives).
- ❑ Contains a mechanism to permit transfers of catch shares, through voluntary license retirement in a fair and transparent manner.

We were directed to provide the best possible advice to ensure that a new framework would best meet the following requirements:

- ❑ Conservation.
- ❑ Economic viability.
- ❑ Social responsibility.

This report responds to the request for advice contained in the August 13, 2007 letter from the Department of Fisheries and Oceans.

The preferred decision-making model was consensus. Past experiences with the CSAB indicated that this might not be possible; in that case, we were directed to summarize the differing views within the CSAB.

Notwithstanding the complexity of the issues and the different views on the appropriate way forward, I am requesting that the CSAB provide its advice on the matters described above by February 28th, 2008. This would leave time for additional internal and external discussions that will be required before any decisions are taken that could affect the 2008 salmon fishery. I understand that the CSAB is working through a consensus based decision making model and look forward to a possible unanimously supported outcome by the end of February. However, past experience suggests that this might not be possible and in that case we would look for the CSAB's views to be summarized in a report, much like you did for area re-selection, but with the addition of clear rationale for the views expressed. Narrowing the differences by identifying as many areas of agreement as possible will be mutually beneficial in considering the CSAB's advice and I would urge you to structure your deliberations along those lines.

Throughout this report, the organization referred to is the CSAB and its subcommittee, SCORE. The contracting partner for this work was the BC Wild-Salmon Harvest Association.

OUR METHODOLOGY

The challenge in this consultation process was to craft a collaborative process adequate to the task of solving the problems facing the commercial salmon industry.

The early part of this section describes how we approached the consultation process design; the later part describes the meeting structure, communication strategy and meeting attendance.

CONSULTATION PROCESS DESIGN

Interdependent parties collaborate by identifying issues and pooling their energies and resources to address their differences and chart a course for solving their problems. Given the complex, almost wicked nature of the problems facing the commercial salmon industry, we wanted to establish a collaborative process that was inclusive, sincere and thorough, while achieving a balance between the requirements of technically demanding issues and effective process design: the practical and the personal.

At the same time, we were aware that this situation has often been paralyzingly controversial and contentious, with the best decisions characterized as equilibrated dislike: if everybody is equally mad, we must be on the right track! We knew that, even under the best of circumstances, collaborative processes such as this one would tax the participants' collective ability to communicate competently, to discuss constructively, and to explore the issues thoroughly.

The debates about what defines a consensus decision, and how the discussions were to be reported out by the facilitators, never ended. Neither SCORE nor the CSAB achieved consensus on the meaning of consensus nor what was to be reported out.

We believe that consensus refers to an outcome that all participants can support and none oppose.

Consensus refers to the method of arriving at a final (group) decision. The method of making a decision differs from the process that is taken to reach it. A collaborative process seeks to identify the interests of all the concerned parties and is therefore considered to be more likely to achieve consensus.

To respond to the request for advice from the Department of Fisheries and Oceans, but lacking consensus, we present here the voices of two distinct perspectives within the CSAB and SCORE.

The complex problems facing the commercial salmon industry require balancing complex technical knowledge with an open process that encourages effective participation. In designing this consultation process, we took an integral approach, integrating the practical—those issues related to technical expertise and knowledge— with the personal— those issues related to facilitating each meeting in a manner that supported collaborative interaction and problem solving.

We believe that the representatives around the table should have a voice in solving problems and designing decisions that affect their lives. From the beginning we wanted to bring participants with differ-

ing viewpoints together in a safe environment that nurtured inquiry and self-examination and in which it was acceptable to raise doubts or explore alternatives to the many issues facing the commercial salmon industry.

Collaboration may allow the discovery of shared values and worldviews, a necessary component of finding consensus, but only if the participants walk the talk. To make progress toward consensus requires constructive, civil discourse; honest and responsible public talk. In the first phase of our work with the CSAB it became evident, when facilitating meetings with all representatives present, that several participants did not have the attitude, skills and knowledge to effectively participate in a collaborative problem solving process. Additionally, low levels of trust and continual political manoeuvring by some participants were barriers to effective collaboration.

Consequently, we broke the large group into smaller caucus groups with participation randomly selected. This proved to be a more effective discussion model that encouraged higher levels of participant engagement and civil discourse, although it remained challenging given value pluralism and diversity. When we brought the large group together this challenge was amplified.

We therefore decided to redesign the caucus structure to bring together like-minded people who would each engage in problem solving sessions. The composition of the two groups was easily and naturally arrived at. The Effective Process/IAP caucus comprised representatives from Areas C, E, G and the UFA-WU; the Defined Shares/ITQ caucus comprised representatives from Areas A, B, D, F, H and processors. The Native Brotherhood chose not to participate in the SCORE process.

Members of each group worked well together and although there were differences, participants in each were aligned in their thinking and approaches to problem solving. We convened the larger group once again and presented the thinking of each caucus, seeking to identify and define areas of consensus between the groups.

These were our most productive meetings as they allowed us to more fully hear and investigate the two distinct perspectives on the problems facing industry that the two caucus groups represented.

To carry on with our work when not in caucus or full meetings, we established a web-based virtual office that served as a document archive, supported several discussion threads and facilitated consistent and regular communication among all participants. Communication and availability of information was transparent, clear and accessible. If any participant had difficulty accessing the virtual office, help was available during regular business hours throughout the duration of the project. Dozens of background documents and hundreds of comments are archived in the office. The Defined Shares/ITQ group made overwhelming use of the virtual office; the Effective Process/IAP group made minimal use of it.

Appendix A contains a record of attendance at each of the caucus and later meetings.

SALMON INDUSTRY CURRENT SITUATION

In this section we assess the current state of the British Columbia commercial salmon fishery. This is a difficult task, given that different interests view the current situation— and the events that led us here— through divergent lenses.

We begin, therefore, with the indisputable fact that the last several years have seen dramatic reductions in the amount of salmon harvested commercially, the value of the commercial harvest, and the amount of fishing time enjoyed by the commercial fleet compared to a baseline period in the early 1990s.¹

¹ All data from DFO catch statistics

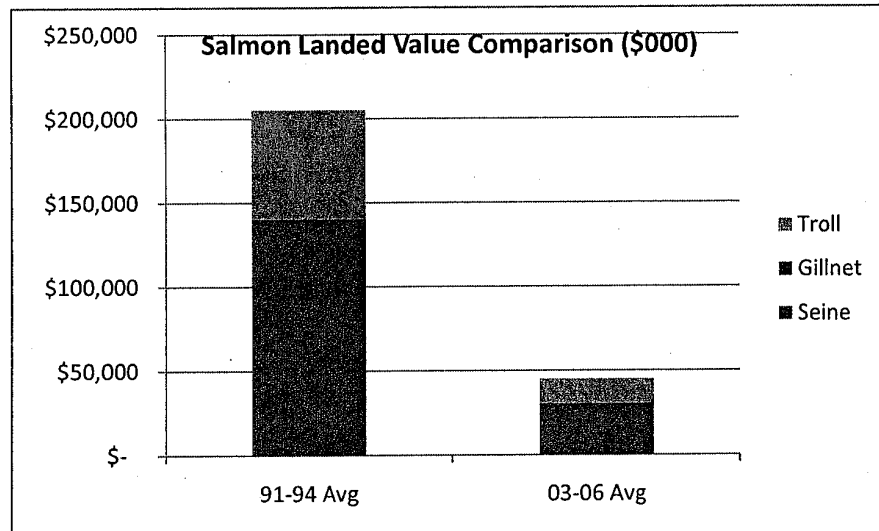
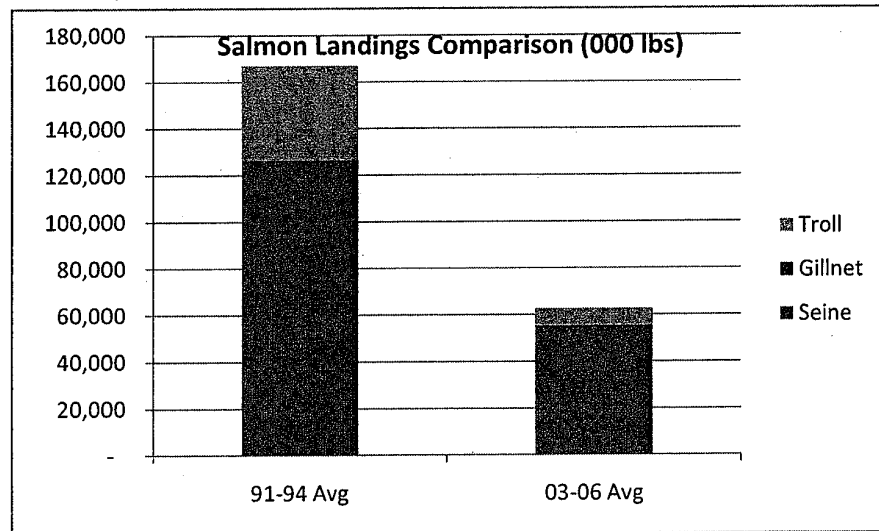
COMMERCIAL SALMON FISHERY INDICATORS

The adjacent graph compares the average annual level of commercial salmon landings (all species), by gear type and in total, for the 1991-94 period and the 2003-2006 period.

Average annual landings have fallen by about 100 million pounds, or 62%.

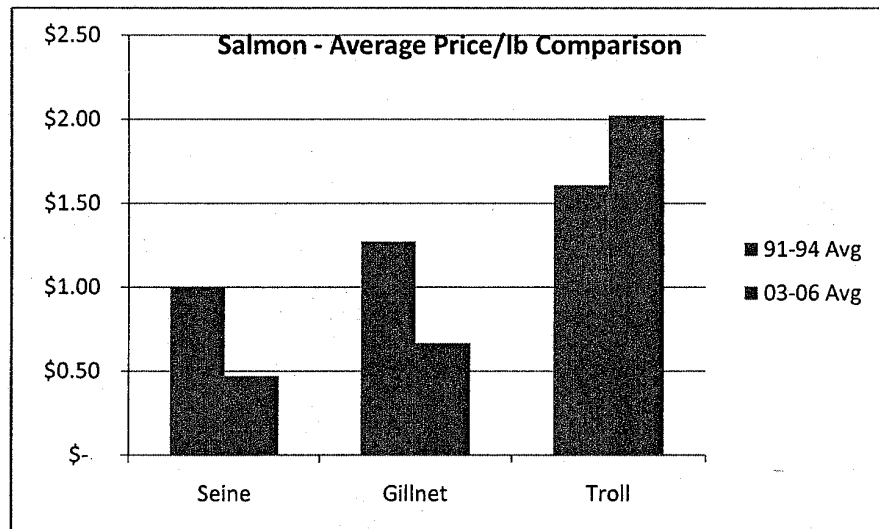
The next graph shows how landed (ex-vessel) value has changed over the same period. The diminution in value is even greater than that seen in landings levels. Ex-vessel value has declined by \$160 million annually, or 78%, now standing at about \$45 million.

The reason for the heightened reduction in landed value is that unit (per pound) values have dropped along with landings levels. In other words, both volume and value per pound have neously eroded (except for the troll fleet). The causes underlying the average per-pound price reduction in the net fleet are two-fold: the species mix is weighted less to higher value species (less sockeye, virtually no chinook or coho and more pink and chum), and absolute price levels for salmon have declined generally.

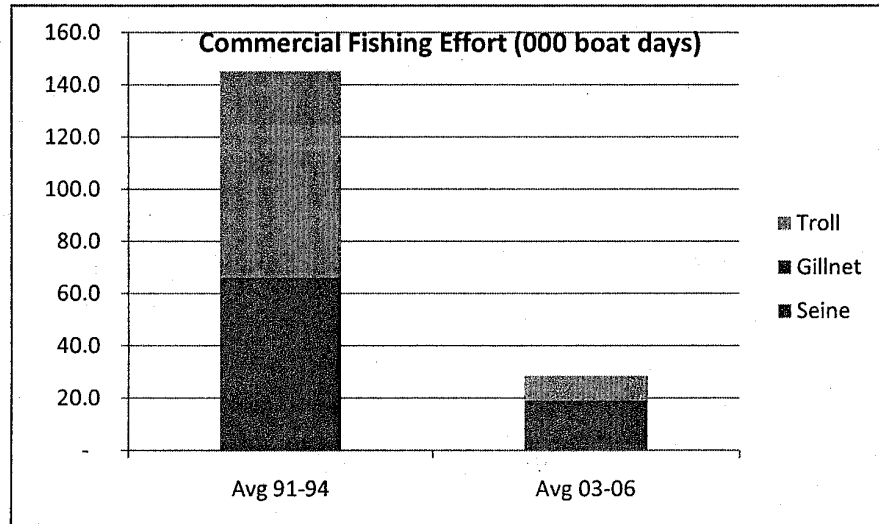


In the troll fleet the average price has increased, due to a heavier catch component of chinook, coupled with buoyant prices for chinook enjoyed in recent years.

Another indicator of misfortunes in the commercial salmon fishery is the amount of fishing time (expressed in boat days) engaged in by the fleet. The following graph shows a reduction over the period of over 115,000 boat days, or 80%.



When compared to its former level (the 1991-1994 baseline) there is no question that the current BC commercial salmon industry is a substantially smaller economic activity, and that the extent of the contraction far outstrips the scope of any fleet reduction measures undertaken in the intervening years.



Though all would presumably agree that the commercial salmon fishery is now a fraction of its former stature, there is a diversity of opinion on which factors brought it to this state.

FACTORS IMPACTING THE COMMERCIAL SALMON FISHERY

There are numerous factors that have contributed – or are perceived to have contributed – to the decline of the commercial salmon fishery. A list of possible suspects includes:

- A changing ocean and climactic environment resulting in poor (and increasingly volatile) salmon productivity.

- ❖ Habitat degradation that diminishes spawning effectiveness and egg to fry survival.
- ❖ Precautionary management policies (including Wild Salmon Policy) and actions that restrict commercial access to stocks, particularly crimping mixed stock fisheries.
- ❖ Uncompensated resource re-allocations to First Nations and the Sports sector.
- ❖ Legislative constraints such as Species at Risk Act.
- ❖ Negative impacts on wild salmon populations caused by proximity to fish farms.
- ❖ Falling fish prices caused by farmed salmon competition.
- ❖ Eroded market share and values attributable to increased competition from Alaskan, Russian, and Japanese salmon fisheries.
- ❖ A strengthening Canadian dollar.
- ❖ Ineffective marketing of BC salmon by BC processors.
- ❖ Japanese consumers embracing farmed coho as a substitute for wild sockeye salmon.
- ❖ Consumer pressures for certified sustainable product (MSC).
- ❖ Pressure from environmentalists to conserve resources.
- ❖ BC salmon industry rationalization – fewer processors and fishermen mean less economic power and political clout.
- ❖ A scarcity of new investment in the BC salmon industry (inability to compete in global realm).

Each of the above points (and others we may have overlooked) can be viewed as negatively impacting the stature and health of the commercial salmon fishery. The sheer size of the above list, and the significance of individual points (any single point may have a marked impact on the commercial sector), speaks to the growing complexity that now faces the commercial industry. The list is not static – new threats are added seemingly every year. The scope of the challenge posed by the above collection of factors – in whatever combination they are deemed to impact the fishery – in our view requires a strategic, coordinated, thoughtful response by the BC commercial salmon industry. The problem is far from simple, and it is not going away.

While SCORE members are well aware of the litany of factors in some way impacting their fishery, they have varying views on the true cause and effect of the erosion of their fishery and what should be done about it.

ASSESSMENT OF THE CURRENT STATE OF THE INDUSTRY

How SCORE members expressed their views on the current state of the commercial salmon industry was often, in our view, coloured by their judgement of the perceived solution: either an ITQ system, or maintenance of a derby system. The following schools of thought were expressed by SCORE representatives.

"WE NEED MORE FISH"

In spite of the diverse and complex list of factors cited above, some SCORE members feel that the core problem is simply a lack of fish, and more particularly, a lack of access to fish. Sample comments:

We're wasting our time talking about shares. There's nothing to share. We need more fish.

We need to stop the recreational erosion, stop the First Nations erosion, stop fish from hitting fresh water in record numbers, stop fish farms from killing wild salmon along the migration routes. We're getting screwed.

This school of thought believes that until fair and reasonable access for the commercial sector is restored, discussions about implementing a share system are fruitless.

THE CURRENT SITUATION ISN'T SO BAD

Some members expressed a level of satisfaction with the current situation, or at least a willingness to wait it out rather than reform the system:

- ❖ *Yes, lots of boats are now tied up because of economics. Boats tying-up is an historic response to hard times in the industry.*
- ❖ *Can someone tell me what is so wrong with the fishery?*
- ❖ *Lots of salmon fishermen have other jobs. They can afford stay home and wait.*
- ❖ *The fleet share allocation model we have now works.*

This camp fears that a cure hastily arrived at and applied could be worse than the ailment.

THE CURRENT SITUATION IS UNACCEPTABLE

Other SCORE members believe that the current situation is untenable, and seek to effect changes.

- ❖ *Three out of eight licence areas are dead. B, E, and H have no fish. We can't preserve these disparities. People need more coastwide opportunities.*
- ❖ *My first priority is to improve economic viability.*
- ❖ *I need more fish across my deck!*
- ❖ *Marine diesel is 83 cents per litre!*
- ❖ *Fishermen don't have enough control. We need more flexibility on the fishermen's side.*

- ✦ *We can't do business with fishermen that are broke... the fleet is bankrupt.*
- ✦ *Trying to meet area licensing allocation targets adds great rigidity to management.*

This camp believes that the solution lies in providing individual fishermen and businesses with flexibility to structure their own operations to create viability, as opposed to relying on industry leaders to develop solutions. A system of freely transferable shares is seen as an avenue to fostering this flexibility.

INEQUITY IN THE CURRENT SYSTEM

There is a high level of agreement amongst SCORE representatives (consensus, in fact) that the current system contains inequities in how the commercial sector is treated relative to other user groups.

- ✦ *There has been an un-compensated shift in allocation.*
- ✦ *We must address the need for bycatch. The commercial fishery needs access to weak stocks. It's not fair to have directed sports fisheries on stocks that we can't touch.*
- ✦ *The only user group bearing the conservation burden is the commercial fleet. When we move out of an area, lodges move in to replace us. Everyone must conserve stocks of concern.*
- ✦ *When May and Toy were written there was no SARA, no WSP... bycatch wasn't addressed.*

Addressing perceived inter-sectoral inequities is integral to all initiatives for moving forward.

BARRIERS TO MOVING FORWARD

A fundamental feature of the current situation in the commercial salmon fishery is *inertia*. Salmon harvesters have long memories and vast experience, and treasure the lifestyle elements of the fishery. They take solace in the past – after all, ups and downs are inherent in the business – and fear that a new system may leave them behind.

- ✦ *The current system provides the hope that you'll catch more than the next guy.*
- ✦ *We focus on volume, and fail to look at the net result.*
- ✦ *Our industry looks back to see the future.*
- ✦ *Canfisco has 60 seine licences... how can anyone compete with that (under an ITQ system)?*
- ✦ *There's a lack of young blood in the fishery... we've lost one generation of fishermen already.*

It is evident to us that fear of the unknown is a formidable impediment to change in the commercial salmon fishery.

WHERE IS THE FISHERY GOING?

When posed the question directly – where do you see the salmon fishery going? – most SCORE representatives described a future that scarcely resembles the generous fishery of the past.

- ❖ *Changing ocean conditions increase stock variability... and trigger precautionary management.*
- ❖ *Elimination of interception fisheries.*
- ❖ *Access in the next 2 cycles will not improve, and may get worse. After 2-3 cycles, maybe?*
- ❖ *As TACs shrink, you don't have enough fishing time to be a consistently above-average producer.*

There was strong support for the notion of fighting for preservation of ocean-based fisheries, but resignation that commercial access might become more constrained before (if) it improves.

SUMMARY OF CURRENT SITUATION

In our numerous caucus and full-CSAB sessions we found widely varying interpretations of:

- ❖ The extent of economic problems currently facing the industry.
- ❖ The cause-and-effect of problems facing the industry.
- ❖ The prospects for the fishery returning to at least a semblance of its former stature.

As mentioned, we gauge that judgments of the current condition of the salmon industry were skewed by pre-conceptions of the future course that fishery management should take (ITQ or not). In this section we have attempted to accurately convey the diverse CSAB/SCORE assessments of prevailing conditions in the fishery.

At the beginning of this section we presented charts showing the dramatic extent of reduction in landings, values, prices, and fishing time in the commercial salmon fishery. It is our view that:

- ❖ The economic situation facing the industry is dire, indeed.
- ❖ Root causes are highly complex and inter-connected.
- ❖ The fishery management and political approaches of the past have irrevocably changed.

We now turn our focus to the emphasis of this paper – exploration of avenues for devising and implementing a share based approach in the commercial salmon fishery.

SALMON, COMPLEXITY AND CONSENSUS

It is a terrible conflict. One of the most complex environmental policy conflicts of the past twenty-five years is the crisis surrounding the British Columbia salmon industry; it is an environmental conflict of daunting complexity. These types of conflicts arise when resources are scarce and there is disagreement over values and worldviews.

Conflict in the salmon industry has a long and complicated history that led to a previously unthinkable ending: a vanishing commercial salmon industry. The artifacts of a once mighty salmon industry are disappearing along the British Columbia Coast; overall catch value is declining, the fleet is old and deteriorating, older fishermen can't get out of the industry and it no longer attracts younger people. Bitterness and despair corrode the spirits of its community.

The following six elements contributed to a challenging consultation process with the CSAB:

1. The parties around the negotiation table
2. The negotiation issues
3. Culture
4. The deeply held values and worldviews that inform their negotiating strategies
5. Building consensus
6. Adaptive challenges.

PARTIES

This negotiation included twenty-two table members representing eight area harvest committees including three gear types, the Union, First Nation commercial fishers and the processing sector. Representatives of the Department of Fisheries and Oceans and the Ministry of Environment were occasional visitors.

NEGOTIATION ISSUES

Issues can relate to any of three conflict dimensions: substance, relationship, and procedure. Issues may be tangible or symbolic. As with any complex environmental conflict, there were many issues in this conflict rather than simply one or two. Each party had its own set of salient issues, with different emphases on those issues that it shared with the other parties.

Key substantive and tangible issues included: inter-sectoral allocation among sports, First Nations and commercial fishers, allocation among the three commercial gear types, individual vessel allocations, how an individual might access an allocation and regimes to manage the commercial salmon fishery.

Procedural issues were related to developing a shared understanding of consensus decisions, collaborative processes and developing the final report.

Symbolic issues include the power of various representatives to block decisions, the low levels of trust between the representatives and DFO as well as the credibility of DFO. Although the report speaks to the substantive and tangible issues, the symbolic issues formed the context within which the deliberations took place.

CULTURE

The conflict was permeated by the differences among the parties relating to their perceived membership in cultural communities. Culture is used here as a far more inclusive concept than ethnicity and refers to the cultural communities that include rural and urban table members, active and non-active fishermen, the different gear types and different occupational groups — those that fish and those that process the fish. Table members seemed at times to speak with different tongues, to represent different values, to move at different paces from one another and to interact with different scripts.

DEEPLY HELD VALUES AND WORLDVIEWS

British Columbia salmon are both substantive and symbolic to the way of life for many British Columbians. Consistent with environmental conflicts, this negotiation reflected different values, interests/needs, and fundamental views of the relationship among representatives, the salmon resource and the role of government in the solution. With respect to some issues, the differences existed at a more fundamental level featuring representatives with diametrically opposed value systems relative to the issues at hand. For instance, while most around the negotiation table would agree about the economic importance of the salmon industry, there was no common agreement about how to realize that value for fishermen, shore workers, processors and communities that are dependent on the salmon industry.

The complexity of this negotiation increased because it was driven by the parties' fundamental values about right and wrong and about entitlements from the Canadian public. Often, when representatives were exploring different perspectives about an issue that contradicted their worldviews, they made little progress in understanding one another's value orientations, or even regard them as legitimate.

CONSENSUS

The preferred decision making methodology was consensus; failing consensus, a report describing "the CSAB's views...with the addition of clear rationale for the views expressed."

Consensus is a challenging decision making model, especially where there is pluralism of values and worldviews and some participants perceive little or no need to make progress on vexing problems. Consensus processes alone cannot embrace and accommodate plural viewpoints unless the participants in the process are able to embrace plural viewpoints themselves.

From the onset, the demands of an effective consensus process hampered progress in our work. Consensus processes demand a large measure of civility and maturity from the participants. Several of the

CSAB participants were challenged as they attempted to function effectively in a process that required (1) that they interact with people with differing worldviews, (2) that they articulate their values and goals persuasively, but not defensively, (3) that they craft solutions that represent quality public policy, and (4) that they be sensitive to the impact of the decision on groups that would be adversely affected by it or that were advocating an alternative outcome. It was not merely an issue of learning new skills; some old attitudes and assumptions had to be unlearned as well.

We live in an imperfect world; the physical and intellectual resources for this process were limited. Although we developed a framework that encouraged collaboration despite diversity and that facilitated co-operation in the face of dissensus, consensus was not attainable. We must be prepared to acknowledge that, with change processes like those in the commercial salmon industry, consensus may not be possible; indeed, consensus in such a situation may not even be desirable.

When consensus becomes the dominant decision model in complex environmental conflicts, it runs the risk of evolving into a dictated consensus, a decision making process in which consensus is mandated by the decision authority or as a condition of participation. Perhaps a better approach might be to use an emergent consensus model, or consensus that grows out of collaborative interaction. As parties collaboratively engage the issues surrounding the salmon industry, they will discover those issues on which they can achieve consensus, while acknowledging that with some issues, they are not be able to.

Consensus is doubtless a good decision model. The desire to reach consensus resonates with our deep rooted inclination to accept what others believe and value so as to achieve solidarity in a difficult change process. It may even provide us with the sense that we are on the right track; however, we should not insist so strongly on consensus that it becomes the pervasive decision model that we apply to all environmental conflicts. The achievement of consensus is always welcomed but its pursuit in practice does not make sense in every situation.

Future work with the commercial salmon industry should take collaboration as possible, despite diversity, and facilitate co-operation in the face of dissensus. It will be challenging to craft a process that is, as pluralism demands, pragmatic and tolerant. The need for pragmatism comes from the need to have effective public policy. We cannot afford to hold policy decisions in abeyance as we immerse ourselves in processes that often devolve into long-winded self-indulgent pluralist discourse.

AN ADAPTIVE CHALLENGE

There are two broad types of problems: technical problems and adaptive challenges. Technical problems are those problems that can be solved with existing know-how and procedures. Adaptive challenges, on the other hand, are those problems that require new ways of looking at things and that must be resolved by the people who are experiencing the problem.

Our work with the CSAB reminds us that without learning new ways — changing attitudes, values, and deep-seated behaviors — people cannot make the leap necessary to thrive in a new salmon manage-

ment environment. The sustainability of real change in the salmon industry depends on having the people with the problem internalize the change itself. This type of conflict is called an adaptive challenge.

Stubborn negotiations such as redesigning the commercial salmon industry require more than just technical problem solving: technical knowledge alone will not be sufficient to resolve the conflict and reach consensus. In fact, expert knowledge may contribute to the persistence and stubbornness of the underlying conflict.

In a technical frame, applying currently held beliefs and knowledge, people look to prevailing authorities for guidance and decisions. In an adaptive frame, people learn new ways to tackle issues and those who are closest to the problem are the most intimately involved in addressing and resolving it. The pathway to building agreement with the CSAB was an adaptive challenge. When dealing with such a complex, multidimensional resource, the non-technical aspects of the fishery must play a role in forming the solution.

What distinguishes a technical problem from an adaptive one? First, if people's hearts and minds need to change, it is something more than just a simple technical issue. Second, if the problem persists after applying technical fix upon technical fix, this indicates an adaptive challenge that the parties have not addressed. Third, if the conflict is persistent, this indicates that the parties have not made the necessary adjustments that are part of meeting adaptive challenges successfully. Finally, crises are a good indicator of adaptive challenges that have gone unresolved; a problem that is technical in nature and has a technical solution will not usually become a crisis.

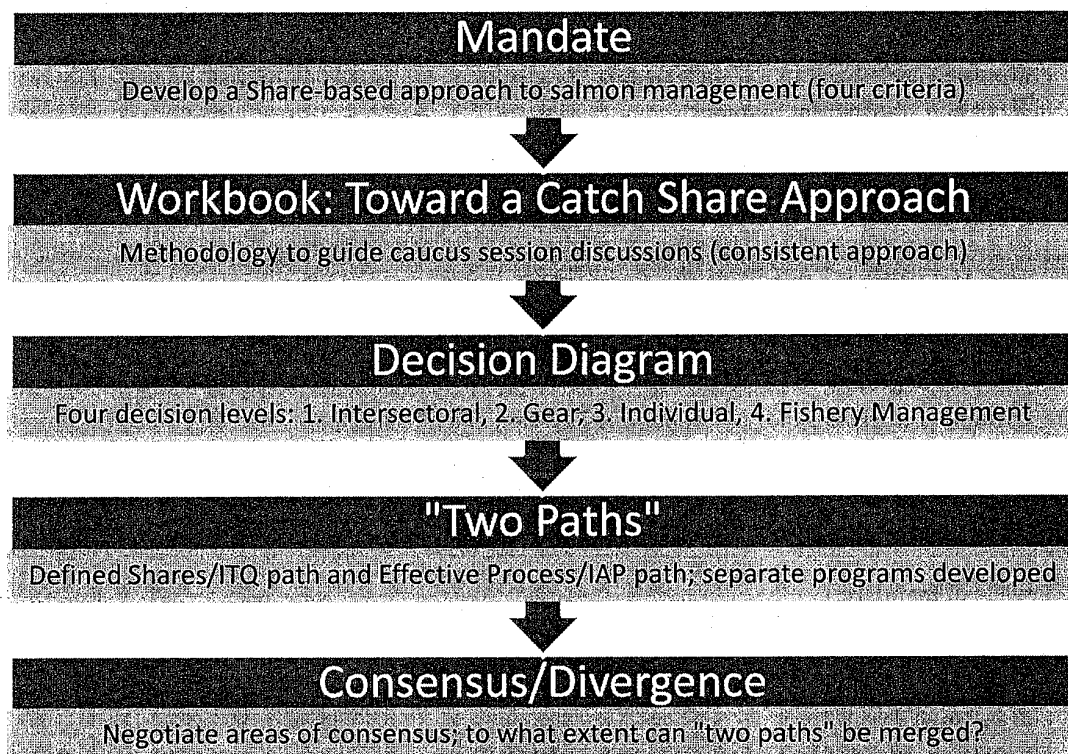
Technical solutions are unable to resolve adaptive challenges effectively. One needs to apply adaptive solutions to adaptive challenges to succeed; failure to recognize this need results in superficial, short-term resolutions.

All problems do not fall neatly into one category or the other. Most problems, in fact, include both technical and adaptive elements. The challenge is to recognize the adaptive aspects when they are present and to treat them as such. Adaptive challenges call for the people themselves—the people with the problem—to change. Complex problems with technical *and* adaptive aspects, such as the salmon conflict, call for participants to examine their values and beliefs in new ways as part of the problem-solving process. Only if the participants can do this will they be able to engage adaptive challenges in an effective and sustainable manner and arrive at durable solutions that create long-term stability in the salmon industry.

REPORTING OUT

In this section we chronicle the key work carried out by SCORE representatives — discussions, proposals, and areas of consensus with respect to developing advice on a share-based approach in the commercial salmon fishery.

The following diagram summarizes the evolution of SCORE's work throughout this process.



In addition to working extensively with CSAB, the facilitators also conducted several meetings with DFO and Province of BC staff to discuss fishery management implications of various options, to provide updates, and to seek clarification on the project mandate.

MANDATE

The mandate governing Diamond's engagement with CSAB evolved over time, but ultimately was provided in a letter from the Department of Fisheries and Oceans dated August 13, 2007. The letter stated that, "DFO is seeking advice on a management framework for commercial salmon that contains the following elements:

1. Has 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 future.
2. Includes defined catch shares for all commercial salmon fishing fleets to provide for
 - a. Greater certainty and stability, and
 - b. Additional flexibility in structuring fisheries, including the potential for inter-fleet transfers under mutually beneficial circumstances.
3. Can be delivered in an integrated manner with share-based commercial fisheries conducted by First Nations (ie, all parties have an equal opportunity to harvest their shares under similar rules and common conservation objectives).
4. Contains a mechanism to permit transfers of catch shares through voluntary licence retirement in a fair and transparent manner.”

These four points were reviewed at the beginning of virtually every caucus or full-CSAB session held subsequent to the August 13th letter.

WORKBOOK: TOWARD A CATCH SHARE APPROACH

To increase the productivity of working sessions, a Caucus approach was adopted (as discussed previously). With a lot of ground to cover, and varied participation in the caucus sessions, it was important to create a template to ensure that all issues were covered, and all participants had an equal opportunity to consider the range of issues. We therefore developed a workbook to serve as a guide for the first several sessions. Using the workbook to channel the subject matter of the sessions, SCORE participants were facilitated through discussion of the following topics:

1. Review of mandate.
2. Elements of a catch share program:
 - a. Determine commercial share of the overall salmon TAC.
 - b. Determine gear-type shares of commercial allocation. May or not preserve area licensing structure (A-H).
 - c. Determine individual shares of gear-type allocation.
 - d. Facilitate access to individual shares through rules (fishery management regime).
3. Intersectoral allocation—a necessary starting point.
4. Fleet shares – current allocation system, previous allocation models, fleet share exercises (sample breakdowns by production area).
5. Licence area shares (sample breakdown).
6. Transfer mechanism
7. Individual access to fleet shares (illustration)
8. Fishery management options: discussed to date (Pools, ITQs, Union/NBBC proposal), brainstorm.
9. ITQ fishery toolkit—possible elements to mix and match to address conservation, economic, and social objectives.
10. ITQ design options.
11. Other fishery management options.
12. In season management – how will it work under ITQ or other options? Putting catch share options into practice.

13. Designing trials for 2008.

Discussions in early sessions featured a diversity of opinions. Some participants were reluctant to proceed past the intersectoral allocation section, seeing resolution of that issue as the key to commercial sector survival. Others wished to skip directly to the later exercises —designing an ITQ plan so that individuals could structure viable enterprises without further delay. Participants, in some cases reluctantly, were led through all of the elements of the workbook. As part of building consensus, with respect to each issue, participants' needs and interests were identified.

Very early in the process it became apparent that participants held very different conceptions of the meaning, characteristics and implications of shares.

- ✦ Some felt that a share must be a fixed percentage – at least as a starting point – so that an individual would know year-to-year what his slice of the pie represented, and to facilitate transfers.
- ✦ Others argued that shares must be revisited annually to accommodate changes in resource abundance, to facilitate reasonable participation by each gear/area and to ensure fair gear splits. Where shares would be revisited annually, transfers could still be accommodated through a system of licence buybacks, audit, and evaluation.

One participant prepared and presented to SCORE for consideration by all CSAB participants a substantive document entitled Integrated Allocation Process – Draft Terms of Reference. The ideas contained in the Integrated Allocation Process (IAP) were later termed the Effective Process/IAP path to addressing the salmon-share question. The effort and thought expended in producing the IAP document was much appreciated by SCORE participants and facilitators.

At every stage of workbook discussion, options were offered and discussed. With the need to further narrow and refine the discussion in the quest for consensus, a more focused discussion aid was required.

DECISION DIAGRAM

After a few caucus sessions the workbook was retired in favour of a single-page decision diagram that presented the four discrete decision steps (intersectoral allocation, fleet shares, individual shares, and fishery management approach) along with the most-discussed options to date. The first incarnation of the decision diagram is shown adjacently.

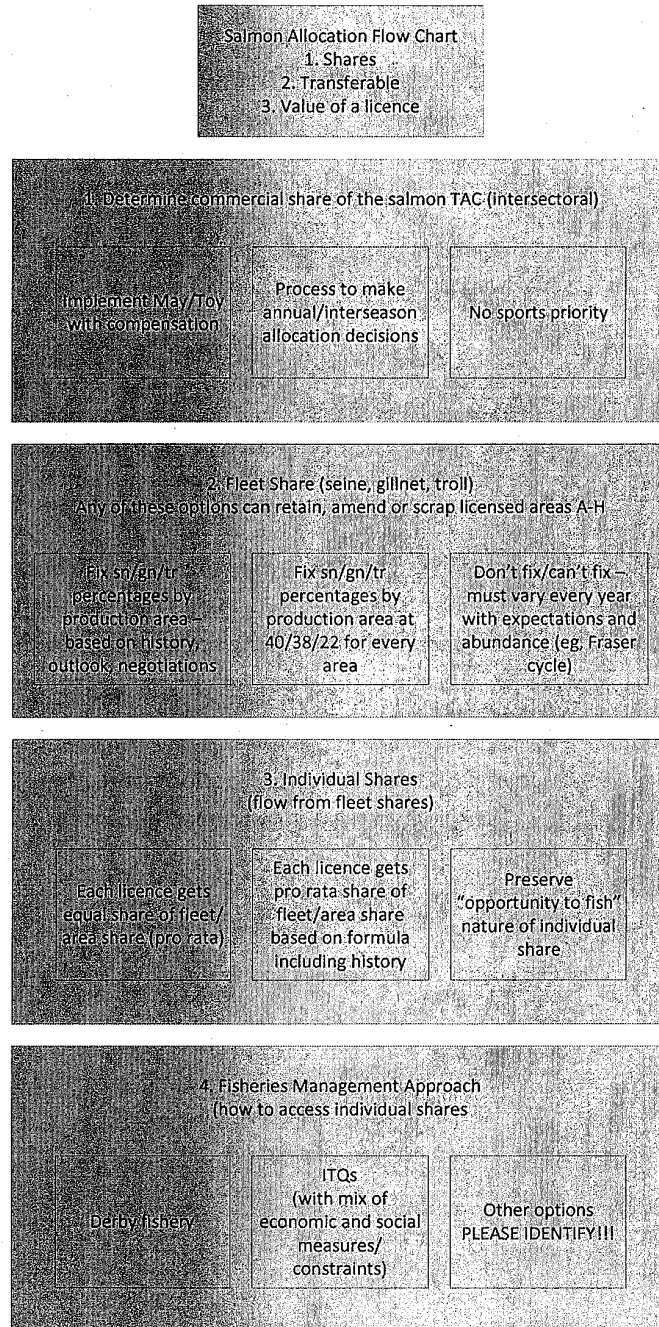
For two sessions (one caucus, one full-CSAB), discussions focused around seeking areas of commonality at each level of the diagram. Arriving at decisions for the first three levels (at least) was required to answer the points posed in our mandate.

Each option (individual box) in the diagram was discussed, with pros and cons identified.

During a full CSAB meeting on October 24, 2007, some members grew frustrated that they could not flesh out elements of their preferred options without drawing opposition from other members, thus stifling the discussion.

"I'd like to sit in a room with like-minded people and design a fishery!" exclaimed one SCORE participant.

In support of this sentiment the facilitators decided to redesign the meeting structure as it was evident that many participants were challenged as they attempted to function in a consensus building environment. Subsequent caucus sessions would be composed of like-minded people who would try engage in productive problem solving sessions. The compo-



sition of the two groups was arrived at easily and naturally. The Effective Process/IAP caucus comprised representatives from Areas C, E, G and the UFAWU; the Defined Shares/ITQ caucus comprised representatives from Areas A, B, D, F, H and processors. As previously indicated in this report the Native Brotherhood chose not to participate in the SCORE process.

"TWO PATHS"

Each caucus group of like-minded SCORE participants held a two-day meeting to explore and refine their preferred path to meeting the mandate and designing a viable fishery for the future. The contrasting paths are summarized in the following table.

Decision Matrix Level	Effective Process/IAP Solution	Defined Shares/ITQ Solution
Level 1 Inter-sectoral Allocation	<p>Intersectoral Allocation Process (IAP)</p> <ol style="list-style-type: none"> 1. The IAP would: <ol style="list-style-type: none"> a. Consist of reps from commercial, recreational, and First Nations b. Work together to manage resource conflicts and derive solutions c. Be an ongoing, flexible process to adjust to ever-changing salmon circumstances d. Include an audit/accounting function to follow all transfers of salmon allocation between and within sectors (full transparency); a spreadsheet, a running tally to track movement of allocation to ensure that the full amount and effect of transfers are fully understood and fully compensated. e. Be a critical element of Levels 2, 3, and 4 of this Plan (outlined below). A well-functioning process is the foundation of this Option. f. Pre-empt recreational takeover of commercial TACs, by establishing strong, supportive working relationships between sectors. First Nations as potential ally. 	<ol style="list-style-type: none"> 1. Fix the commercial-recreational share because: <ol style="list-style-type: none"> a. Establishing defined shares for commercial fleets and individuals requires definition of the commercial pie. It is meaningless to have a fixed share of a fluctuating (shrinking) pie. b. Implementing the May/Toy processes as intended is one option. 2. The remaining elements of the Option are dependent upon adequately addressing inter-sectoral (specifically, commercial-recreational) allocation. 3. Improved certainty and security associated with fixed shares is fundamental to this Option. For individuals to gain these benefits, the starting point – the commercial share of the Canadian salmon TAC – must be fixed. 4. It is recognized that shares would need to be reviewed, and could be tweaked over time as circumstances change. 5. If shares between the recreational and commercial sector are not fixed, then the fallback position is 40/38/22 in all production areas (see Level 2 for production area definition).

Decision Matrix Level	Effective Process/IAP Solution	Defined Shares/ITQ Solution
<p>Level 2</p> <p>Fleet Shares</p>	<ol style="list-style-type: none"> 1. Fleet shares to remain flexible using the existing allocation process. 2. Shares should not be fixed; they should be set each season to ensure each fleet/area get reasonable access to stocks. A spirit of cooperation amongst gear types, as has prevailed in the past. 3. IAP can play a role if disputes occur. 4. Fixing fleet shares does not make sense given the volatility of access to salmon. 5. The current allocation process has become quite streamlined. 6. Current areas (A-H) preserved. 7. Area harvest groups (A-H) have autonomy to determine individual sharing & fishery management arrangements for their own area. 8. Not a one size fits all approach. 	<ol style="list-style-type: none"> 1. Fleet shares (seine, gillnet, and troll) to be fixed percentages of the commercial TAC. 2. Each gear type to receive a percentage of the commercial TAC in 25 defined production areas. 3. These percentages reflect historical relationships, outcomes of recent allocation exercises, consideration of future trends, and negotiation amongst the parties. 4. Fixing gear shares is crucial to improving certainty and security. 5. Areas A-H preserved. 6. Fixed gear shares are merely a starting point. Transfers across gear types will be permitted. 7. Fixing shares does not imply a lack of adjustment. The adjustments to changing abundance and TACs will be made by individuals, not through negotiations at the area/gear level. Gear shares may change as individuals across gear types make voluntary arrangements with one another. 8. If there is no agreement on permanent allocation of commercial and recreational shares, then the Kelleher approach would apply to populating the table (40% seine in every row, 38% gillnet, and 22% troll).

Decision Matrix Level	Effective Process/IAP Solution	Defined Shares/ITQ Solution
<p><u>Level 3</u></p> <p>Individual Shares</p>	<p>1. Preserve opportunity to fish commercial fishery. All benefits of fishery to accrue to active fishermen.</p>	<ol style="list-style-type: none"> 1. Each licence to receive an equal share of its fleet share by licence area (a pro-rata share of those production areas lying within a licence-area). 2. Individual shares in the form of an ITQ. 3. Individuals seek a portfolio of shares meeting their business objectives. 4. Fleet rationalization – some individuals increasing participation levels, others decreasing – is inherent in this approach. 5. Transferability is a critical component of this program; must be a high level of flexibility for individuals to self-adjust for viability. 6. A quota registry established to track ownership and potentially provide an opportunity for security (ie with lenders).

Decision Matrix Level	Effective Process/IAP Solution	Defined Shares/ITQ Solution
<p>Level 4</p> <p>Fishery Management Approach</p>	<ol style="list-style-type: none"> 1. The Area Harvest Committee in each licensed area (A-H) will design management mechanisms to get the fish out of the water. In some cases, this will be a traditional, competitive fishery. 2. Where there are concerns about the size of harvestable surpluses relative to potential fishing effort, a host of mechanisms can be employed, eg: <ol style="list-style-type: none"> a. Equal divisor fisheries b. Pools c. Amendment fisheries d. Lottery e. Others to be developed 3. The existing toolkit allows area groups to develop and adapt to varying circumstances to exploit TACs. Other tools will be developed as required. 	<ol style="list-style-type: none"> 1. Each licence includes a share of each production area lying within that licensed area. 2. Each fishery requires a pre-season TAC so that shares can be expressed in expected pieces. TACs can be adjusted throughout the season. 3. Fishery management approach will vary by fishery, eg: <ol style="list-style-type: none"> a. Fraser sockeye ITQ may be split by management unit (MU) – Early Stewart, Early Summer, Summer, Late b. Skeena sockeye may be split by weekly TACs c. Central coast pinks/chums – will need new system for setting TAC 4. Individuals organize themselves to harvest surpluses. 5. Combines ability to specialize through trades/transfers with ability to remain diversified (hold all production areas). 6. Monitoring system inherent in ITQ management. Desire to phase in monitoring as viability improves and fleet rationalizes. 7. System will be necessarily complex. Other complex fisheries (groundfish) have shown individuals can adapt. 8. There will be a learning curve associated with an ITQ plan.

Decision Matrix Level	Effective Process/IAP Solution	Defined Shares/ITQ Solution
Guiding Principles & Underlying Rationale	<ol style="list-style-type: none"> 1. Benefits of fishery to active fishermen. 2. AHCs have autonomy to design fisheries for member fleets. 3. Fleet needs numbers, including high representation from coastal communities, to defend the salmon industry and rebuild the resource. As numbers dwindle, who'll care for the salmon? 4. First Nations, as legitimate governments, can design their own fisheries. An overseer (IAP) will ensure that industry is properly compensated. 5. Preserve and enhance ocean-based fisheries. If fisheries migrate up-river of commercial boundaries, then they are lost to the commercial fleet. 6. The activity level of the fleet naturally (historically) waxes and wanes with economic circumstances. Currently, many boats are tied up, while others choose to fish. Those currently tied up are content to wait out a transitory crisis. As circumstances improve, the activity level will rise. It is not necessary to cannibalize the fleet and consolidate ownership of the resource... actions that cannot be un-done in the future. 	<ol style="list-style-type: none"> 1. Value of a licence is readily determinable. 2. Individual accountability and responsibility (don't want to rely on AHCs). 3. Commercial salmon sector strength will best come from a smaller, more cohesive, economically viable group. 4. Ability to execute a business plan. 5. Level playing field – recipients of transfers play by same rules as commercial sector. Access is on the same terms. 6. Don't want to wait for a turnaround. Don't want to wait for industry leaders to effect change; want to enable individuals to create a turnaround. 7. Flexibility to adapt to any fishery. If there are to be up-river fisheries, want the ability to extract value from them. 8. Rationalization is a necessary reality in order to restore overall and individual viability.

Decision Matrix Level	Effective Process/IAP Solution	Defined Shares/ITQ Solution
How the transfer mechanism works.	<ol style="list-style-type: none"> 1. For commercial licences, the opportunity to fish is preserved. 2. For transfers to First Nations, the amount transferred will be deemed to be the average harvest (TAC divided by number of licences). There will be compensation not just for resource access, but for the value of enterprises. 3. First Nations, as legitimate governments, will be free to determine the nature and details of their access. They will not be bound by the rules dictated by DFO in the commercial fishery. 4. The key is that First Nations access, and the impact on the commercial fishery, must be accurately tracked and accounted for on an ongoing basis. This implies an effective monitoring program and a thorough audit process. The IAP will be involved in this key function. 5. If the conditions of a licence (nature of access) are altered, then compensation must flow. The commercial sector must be compensated for the actual impacts on the fishery. For example, a small allocation of in-river Cowichan chinooks could imply the need to substantially purchase the entire Area G troll fleet. 6. There may be a bank of licences held by the government. 	<ol style="list-style-type: none"> 1. With defined shares on each licence, it is simple to value a licence for transfer purposes. 2. Each commercial licence has shares of the production areas lying within that area. 3. First Nations can acquire shares in individual production areas or portfolios of production areas. 4. First Nations cannot further sub-divide the contents of a production area (more discrete stocks & locations) unless commercial ITQ holders are given the same right.
Option KEY TO SUCCESS	<ol style="list-style-type: none"> 1. The Key is at Level 1: making the IAP process work: <ol style="list-style-type: none"> a. Effective working relationships between and within sectors b. Comprehensive and transparent audit of fish transfers 2. Without effective IAP, you've got the status quo. 	<ol style="list-style-type: none"> 1. The key is at Level 4 - creating ITQ fishery management design-rules that: <ol style="list-style-type: none"> a. DFO can adapt to (eg. setting and updating TACs) b. Balance necessary complexity with flexibility to get fish out of water and efficiency of quota transfers 2. Without effective ITQ program design, you've got greater complexity and cost without anticipated benefit on the revenue side.

Each caucus groups was successful in defining its own preferred path to reforming the salmon fishery to meet transfer mechanism and economic viability goals. With the deadline for the consultation process looming, it remained to find some means of closing the gap between the two approaches and building consensus where possible.

CONSENSUS/DIVERGENCE

The full CSAB held a two day meeting in February 2008 that represented the last opportunity to reach consensus before issuance of this report. All members had had the opportunity to review and digest the Two Paths as outlined above.

The Board went level-by-level through the decision matrix searching for areas of commonality. While no bridge for fully integrating the two approaches was found, considerable progress was made in finding concurrence.

The following table provides a capsule of:

- ❖ The two distinct paths (the left and right columns). These are reproduced from the table above.
- ❖ The areas of convergence (the middle column), with a summary comment on remaining areas of divergence.

This table effectively summarizes the progress made by CSAB in fulfilling its mandate to develop a share-based system for the commercial salmon fishery that provides a mechanism to transfer commercial allocations to First Nations.

Decision Matrix Level	Effective Process/IAP Solution	Areas of Consensus (paraphrase of Feb 5/6 Meeting)	Defined Shares/ITQ Solution
<p>Level 1</p> <p>Inter-sectoral Allocation</p>	<ol style="list-style-type: none"> Intersectoral Allocation Process (IAP) The IAP would: <ol style="list-style-type: none"> Consist of reps from commercial, recreational, and First Nations Work together to manage resource conflicts and derive solutions Be an ongoing, flexible process to adjust to ever-changing salmon circumstances Include an audit/accounting function to follow all transfers of salmon allocation between and within sectors (full transparency); a spreadsheet, a running tally to track movement of allocation to ensure that the full amount and effect of transfers are fully understood and fully compensated. Be a critical element of Levels 2, 3, and 4 of this Plan (outlined below). A well-functioning process is the foundation of this Option. Pre-empt recreational takeover of commercial TACs, by establishing strong, supportive working relationships between sectors. First Nations as potential ally. 	<ol style="list-style-type: none"> A floating recreational share (sports priority/current approach) is not acceptable or consistent with defined share fisheries. Recreational access must also be expressed as a share. To implement shares, you must first delineate a baseline. Re: the current intersectoral policy/approach: <ol style="list-style-type: none"> The 95/5 sockeye, pink, chum arrangement is largely satisfactory. For chinook and coho, the application/interpretation of sports priority should not unfairly impact the commercial sector. Allocation shifts should have neutral impacts (that is, there should be compensation). A vehicle for delineating a baseline is needed. The Sigurdson/Stuart process could be utilized, providing an appropriate terms of reference are established. CSAB would refine advice and send Reps to the intersectoral process. The conservation burden must be shared equitably amongst all user groups. <p><i>Groups agree that a starting baseline is needed, and that there may be changes over time. No consensus on the time frame (annual vs fixed for multi-years)</i></p>	<ol style="list-style-type: none"> Fix the commercial-recreational share because: <ol style="list-style-type: none"> Establishing defined shares for commercial fleets and individuals requires definition of the commercial pie. It is meaningless to have a fixed share of a fluctuating (shrinking) pie. Implementing the May/Toy processes as intended is one option. The remaining elements of the Option are dependent upon adequately addressing inter-sectoral (specifically, commercial-recreational) allocation. Improved certainty and security associated with fixed shares is fundamental to this Option. For individuals to gain these benefits, the starting point – the commercial share of the Canadian salmon TAC – must be fixed. It is recognized that shares would need to be reviewed, and could be tweaked over time as circumstances change. If shares between the recreational and commercial sector are not fixed, then the fallback position is 40/38/22 in all production areas (see Level 2 for production area definition).

Decision Matrix Level	Effective Process/IAP Solution	Areas of Consensus (paraphrase of Feb 5/6 Meeting)	Defined Shares/ITQ Solution
<u>Level 2</u> Fleet Shares	<ol style="list-style-type: none"> 1. Fleet shares to remain flexible using the existing allocation process. 2. Shares should not be fixed; they should be set each season to ensure each fleet/area get reasonable access to stocks. A spirit of cooperation amongst gear types, as has prevailed in the past. 3. IAP can play a role if disputes occur. 4. Fixing fleet shares does not make sense given the volatility of access to salmon. 5. The current allocation process has become quite streamlined. 6. Current areas (A-H) preserved. 7. Area harvest groups (A-H) have autonomy to determine individual sharing & fishery management arrangements for their own area. 8. Not a one size fits all approach. 	<ol style="list-style-type: none"> 1. Gears and areas (A-H) maintained, with Area Harvest Committees involved in creating solutions. 2. Process for determining fleet shares: <ol style="list-style-type: none"> a. Populate a table with 25 production areas and 3 gear types (seine, gillnet, troll). Example appended. b. Each gear allocated an agreed-upon percentage of the TAC in each production area c. Arrive at percentages through negotiations involving full CSAB: consider historical shares, current and future prospects, values, fish catch-ability, and needs and interests of the parties. 3. Need post and in-season accounting of what's happened (net effect of any transfers). Transfers must be consistently and transparently accounted for. <i>Groups agree on the process for defining fleet shares – that a populated production area table will be the output – but differ on the frequency of updating the table (for example: one-time, every two cycles, or annually).</i> 	<ol style="list-style-type: none"> 1. Fleet shares (seine, gillnet, and troll) to be fixed percentages of the commercial TAC. 2. Each gear type to receive a percentage of the commercial TAC in 25 defined production areas. 3. These percentages reflect historical relationships, outcomes of recent allocation exercises, consideration of future trends, and negotiation amongst the parties. 4. Fixing gear shares is crucial to improving certainty and security. 5. Areas A-H preserved. 6. Fixed gear shares are merely a starting point. Transfers across gear types will be permitted. 7. Fixing shares does not imply a lack of adjustment. The adjustments to changing abundance and TACs will be made by individuals, not through negotiations at the area/gear level. Gear shares may change as individuals across gear types make voluntary arrangements with one another. 8. If there is no agreement on permanent allocation of commercial and recreational shares, then the Kelleher approach would apply to populating the table (40% seine in every row, 38% gillnet, and 22% troll).

Decision Matrix Level	Effective Process/IAP Solution	Areas of Consensus (paraphrase of Feb 5/6 Meeting)	Defined Shares/ITQ Solution
Level 3 Individual Shares	<p>1. Preserve opportunity to fish commercial fishery. All benefits of fishery to accrue to active fishermen.</p>	<p>1. All transfers within the commercial fishery, or from the commercial fishery to Treaty (or other First Nations economic fisheries) must be expressed as a percentage of the Canadian commercial TAC – no fixed-number allocations.</p> <p>2. If commercial fishery access is transferred to First Nations under the same licence conditions, then compensation is one-for-one. If the character of the access transferred is changed, then the impact on the commercial sector must be compensated (the exchange rate calculated). Example: transfers upstream (Area E to Prince George) must be at a higher exchange rate than transfers in marine waters or in areas of equivalent catch (Katzie and Area E).</p> <p>3. Principle – compensation for treaty purposes of vessel-based licences should in principle reflect enterprise value. Boat and gear included with sale at fishermen's discretion.</p> <p>4. For treaty transfer purposes: each licence will be valued as an equal percentage of its fleet share (as defined at Level 2).</p> <p>5. Post and in-season accounting: need a dynamic spreadsheet showing total commercial and recreational TACs and transfers.</p> <p><i>Other than defining an individual licence share for Treaty purposes, there is divergence in how individual shares are defined and accessed.</i></p>	<p>1. Each licence to receive an equal share of its fleet share by licence area (a pro-rata share of those production areas lying within a licence-area).</p> <p>2. Individual shares in the form of an ITQ.</p> <p>3. Individuals seek a portfolio of shares meeting their business objectives.</p> <p>4. Fleet rationalization – some individuals increasing participation levels, others decreasing – is inherent in this approach.</p> <p>5. Transferability is a critical component of this program; must be a high level of flexibility for individuals to self-adjust for viability.</p> <p>6. A quota registry established to track ownership and potentially provide an opportunity for security (ie with lenders).</p>

Decision Matrix Level	Effective Process/IAP Solution	Areas of Consensus (paraphrase of Feb 5/6 Meeting)	Defined Shares/ITQ Solution
Level 4 Fishery Management Approach	<ol style="list-style-type: none"> 1. The Area Harvest Committee in each licensed area (A-H) will design management mechanisms to get the fish out of the water. In some cases, this will be a traditional, competitive fishery. 2. Where there are concerns about the size of harvestable surpluses relative to potential fishing effort, a host of mechanisms can be employed, eg: <ol style="list-style-type: none"> a. Equal divisor fisheries b. Pools c. Amendment fisheries d. Lottery e. Others to be developed 3. The existing toolkit allows area groups to develop and adapt to varying circumstances to exploit TACs. Other tools will be developed as required. 	<ol style="list-style-type: none"> 1. Maintenance of licence Areas (A-H), with a degree of autonomy at the Area level to implement specific initiatives. 2. Area harvest groups have autonomy to determine individual sharing and fishery management arrangements for their own area, assuming ability to move fish around is accommodated. 3. Re: PICFI purchases: allow vessel based licences to be de-married and un-stacked. Don't prejudice multi-licences. 4. Need a pre-fishery TAC for each fishery, so that industry has a reasonable opportunity to organize fisheries appropriately. 	<ol style="list-style-type: none"> 1. Each licence includes a share of each production area lying within that licensed area. 2. Each fishery requires a pre-season TAC so that shares can be expressed in expected pieces. TACs can be adjusted throughout the season. 3. Fishery management approach will vary by fishery, eg: <ol style="list-style-type: none"> a. Fraser sockeye ITQ may be split by management unit (MU) – Early Stewart, Early Summer, Summer, Late b. Skeena sockeye may be split by weekly TACs c. Central coast pinks/chums – will need new system for setting TAC 4. Individuals organize themselves to harvest surpluses. 5. Combines ability to specialize through trades/transfers with ability to remain diversified (hold all production areas). 6. Monitoring system inherent in ITQ management. Desire to phase in monitoring as viability improves and fleet rationalizes. 7. System will be necessarily complex. Other complex fisheries (groundfish) have shown individuals can adapt. 8. There will be a learning curve associated with an ITQ plan.

Decision Matrix Level	Effective Process/IAP Solution	Areas of Consensus (paraphrase of Feb 5/6 Meeting)	Defined Shares/ITQ Solution
<p>Guiding Principles & Underlying Rationale</p>	<ol style="list-style-type: none"> 1. Benefits of fishery to active fishermen. 2. AHCs have autonomy to design fisheries for member fleets. 3. Fleet needs numbers, including high representation from coastal communities, to defend the salmon industry and rebuild the resource. As numbers dwindle, who'll care for the salmon? 4. First Nations, as legitimate governments, can design their own fisheries. An overseer (IAP) will ensure that industry is properly compensated. 5. Preserve and enhance ocean-based fisheries. If fisheries migrate up-river of commercial boundaries, then they are lost to the commercial fleet. 6. The activity level of the fleet naturally (historically) waxes and wanes with economic circumstances. Currently, many boats are tied up, while others choose to fish. Those currently tied up are content to wait out a transitory crisis. As circumstances improve, the activity level will rise. It is not necessary to cannibalize the fleet and consolidate ownership of the resource... actions that cannot be undone in the future. 	<p><i>This wasn't explicitly discussed at the Feb 5/6 Meeting.</i></p>	<ol style="list-style-type: none"> 1. Value of a licence is readily determinable. 2. Individual accountability and responsibility (don't want to rely on AHCs). 3. Commercial salmon sector strength will best come from a smaller, more cohesive, economically viable group. 4. Ability to execute a business plan. 5. Level playing field – recipients of transfers play by same rules as commercial sector. Access is on the same terms. 6. Don't want to wait for a turnaround. Don't want to wait for industry leaders to effect change; want to enable individuals to create a turnaround. 7. Flexibility to adapt to any fishery. If there are to be up-river fisheries, want the ability to extract value from them. 8. Rationalization is a necessary reality in order to restore overall and individual viability.

Decision Matrix Level	Effective Process/IAP Solution	Areas of Consensus (paraphrase of Feb 5/6 Meeting)	Defined Shares/ITQ Solution
How the transfer mechanism works.	<ol style="list-style-type: none"> For commercial licences, the opportunity to fish is preserved. For transfers to First Nations, the amount transferred will be deemed to be the average harvest (TAC divided by number of licences). There will be compensation not just for resource access, but for the value of enterprises. First Nations, as legitimate governments, will be free to determine the nature and details of their access. They will not be bound by the rules dictated by DFO in the commercial fishery. The key is that First Nations access, and the impact on the commercial fishery, must be accurately tracked and accounted for on an ongoing basis. This implies an effective monitoring program and a thorough audit process. The IAP will be involved in this key function. If the conditions of a licence (nature of access) are altered, then compensation must flow. The commercial sector must be compensated for the actual impacts on the fishery. For example, a small allocation of in-river Cowichan chinooks could imply the need to substantially purchase the entire Area G troll fleet. There may be a bank of licences held by the government. 	<p>From Level 3 Individual Shares above:</p> <ol style="list-style-type: none"> All transfers within the commercial fishery or from the commercial fishery to Treaty (or other First Nations economic fisheries) must be expressed as a percentage of the Canadian commercial TAC – no fixed-number allocations. If commercial fishery access is transferred to First Nations under the same licence conditions, then compensation is one-for-one. If the character of the access transferred is changed, then the actual impact on the commercial sector must be compensated (the actual exchange rate calculated). Example: transfers upstream (Area E to Prince George) must be at a higher exchange rate than transfers in marine waters or in areas of equivalent catch (Katzie and Area E). Principle – compensation for treaty purposes of vessel-based licences should in principle reflect enterprise value. Boat and gear included with sale at fishermen's discretion. For treaty transfer purposes: each licence will comprise an equal percentage of its fleet share (as defined at Level 2). Post and in-season accounting: need a dynamic spreadsheet showing total commercial and recreational TACs and transfers. 	<ol style="list-style-type: none"> With defined shares on each licence, it is simple to value a licence for transfer purposes. Each commercial licence has shares of the production areas lying within that area. First Nations can acquire shares in individual production areas or portfolios of production areas. First Nations cannot further subdivide the contents of a production area (more discrete stocks & locations) unless commercial ITQ holders are given the same right.

Decision Matrix Level	Effective Process/IAP Solution	Areas of Consensus (paraphrase of Feb 5/6 Meeting)	Defined Shares/ITQ Solution
Option KEY TO SUCCESS	<ol style="list-style-type: none"> The Key is at Level 1: making the IAP process work: <ol style="list-style-type: none"> Effective working relationships between and within sectors Comprehensive and transparent audit of fish transfers Without effective IAP, you've got the status quo. 		<ol style="list-style-type: none"> The key is at Level 4 - creating ITQ fishery management design-rules that: <ol style="list-style-type: none"> DFO can adapt to (eg. setting and updating TACs) Balance necessary complexity with flexibility to get fish out of water and efficiency of quota transfers Without effective ITQ program design, you've got greater complexity and cost without anticipated benefit on the revenue side.
Common Ground	<p><i>Some of the Following Points Are Also Listed Above:</i></p> <ol style="list-style-type: none"> Transfers under PICFI/Treaty should not be termed retirements. The term is misleading, since access is maintained, but merely held/utilized by another party. All fisheries should have an upfront TAC (even if rough estimate) so that fleets/individuals can organize themselves appropriately. The commercial sector must be treated fairly and reasonably with respect to inter-sectoral allocation. Treaty transfers: willing buyer, willing seller. First Nations commercial access will always be a share (not a fixed number), with the same priority as the commercial fishery. The desire is to rebuild salmon stocks, commercial access to salmon stocks, and economic viability. Building the fishery and business vs. watching (contributing to) its decline. Desire to maintain ocean-based fisheries to the extent possible. Desire to improve economic viability. Maintenance of licence-areas (A-H). 		

"11TH HOUR" DISCUSSIONS

The formal positions reached by SCORE participants and areas of convergence and divergence are documented in the table above. On the final day of the last CSAB meeting, the parties engaged in negotiations to try to close some of the significant ground still separating the two positions.

The gist of those negotiations is as follows:

- ✦ It was suggested that a trade-off be made—that the Effective Process/IAP group would consider discussions about an ITQ plan, complete with social safeguards, if the Defined Shares/ITQ group would consider a fixed time-frame for fixing gear shares (say, one or two cycles).
- ✦ This appeared to be a breakthrough in the making, as the Effective Process/IAP group had heretofore not considered ITQs as an option, and the Defined Shares/ITQ group had not acknowledged the possibility of less-than-permanent share-fixing.
- ✦ There was near-consensus on this proposition, though consensus was ultimately blocked by the withdrawal of support by one participant.

We include this narrative on "11th hour" discussions to illustrate that:

- ✦ There appears to be room for further flex in the parties' positions.
- ✦ Consensus is a lofty target for a group such as CSAB with such divergent, and philosophically-driven, approaches to problem solving.

WHAT THEY SAID...

While the primary purpose of this report is to emphasize the areas of *agreement* between CSAB members, it is nonetheless illuminating to gain an appreciation for the depth of differences separating the interests in this negotiation. Additionally, it is critical that CSAB members feel that their views were heard and understood. We therefore offer the following table showing representative comments heard (repeatedly) during this process.

Topic	IAP/Process Solution	ITQ Solution
Fixing Fleet Shares	<i>We have fleet shares: 40/38/22. Catch shares are band-aids. There's no fish to share. Maintaining fluctuating shares is a benefit because it encourages coastwide resource stewardship of all stocks. Every fleet needs to remain in the water. If shares are fixed, then areas could be pitted against each other.</i>	<i>The IAP process could be useful, but there's 1,400 gillnetters and not nearly enough value to support that many. It's bigger than an intersectoral issue. Varying fleet shares year to year is hopeless. We must fix them forever. The current system is perverse. If fleet shares fluctuate, transfers to individuals are not meaningful.</i>
Resource Stewardship	<i>In an ITQ system it's every man for himself.</i>	<i>Once you have a share system fishermen become stewards of the resource. Shares are only the starting point.</i>

Topic	IAP/Process Solution	ITQ Solution
Ongoing Process (IAP) for Setting Fleet Shares	<i>IAP is a table for addressing missing needs and discussing core principles. There is legitimate fear of bad process. We must build good process to allay fears. Good process is possible.</i>	<i>IAP is too cumbersome and inefficient. You can't get representative bodies from the other sectors.</i>
ITQs	<i>A poorly designed ITQ system won't make you viable. There are lots of extra costs (transfer costs and leases). ITQ equals self-cannibalization. DFO can limit catches without ITQs. Divide the number of fish by the number of boats that show up. Active fishermen must get 100% of the value of the catch. The guy who fishes can't pay a fee. Quotas violate this principle, so are rejected.</i>	<i>ITQs provide an opportunity for processors to create value:</i> <ul style="list-style-type: none"> • Spread catch out further to access different markets • Focus on quality • Reliable access <i>ITQs for individual fishermen:</i> <ul style="list-style-type: none"> • More buyers for the fish • More options • Better quality • Reduce threat of processor domination
First Nations Economic Fisheries	<i>How a First Nation government decides to access its fish is up to it.</i>	<i>If DFO gives First Nations access at a finer level (than our 25 production areas) then split commercial shares the same way. An entity controlling a block of fish has leverage in the marketplace. First Nations will get blocks of fish. A fisherman under a derby system doesn't have that advantage.</i>
Group Governance vs. Individual Autonomy	<i>Licence areas are autonomous. Each area can design management mechanisms to get the fish out of the water.</i>	<i>We don't want to wait for a turnaround. We don't want to wait for industry leaders to effect change; we want to enable individuals to create a turnaround.</i>
Upriver Fisheries	<i>It the fish go terminal then there is no commercial fishery. We must fight it as a fleet to maintain a commercial fishery.</i>	<i>If there are to be up-river fisheries, we want the ability to extract value from them.</i>
The Halibut Fishery as a Role Model	<i>The halibut fishery is an example of the failings of ITQ programs: fleet reduction, leasing, and slipper skippers.</i>	<i>The halibut fishery is an example of how ITQs can work: improved efficiency, revenues and profitability.</i>

The snippets above serve to demonstrate the philosophical divide between the parties.

INACTIVE VESSELS (THE GORILLA IN THE ROOM)

It is widely acknowledged that a substantial proportion of the commercial salmon fleet ties up each season because of poor expectations and results. It is further acknowledged that the inactive vessels are providing benefits to the active fleet — the pie is divided amongst fewer vessels, improving results for the active fleet.

There is intense division on how to treat inactive vessels in future salmon management:

- One path believes that future benefits from the fishery should continue to accrue to active vessels only.
- The other path believes that inactive vessels — having conferred tangible benefits to their active brethren — should be full participants in the future of the fishery.

There is recognition that under PICFI and other programs that confer commercial access to First Nations, it will be largely inactive licences that are retired, and returned to active status by their new holders, and that this will diminish the pie available for active fishers.

The debate concerning treatment of active vs inactive vessels was, we observed, a lightning-rod issue during this process, an issue that cut to the core values of participants. Resolution of how inactive vessels should be treated will be key to achieving buy-in for any future solution.

EXAMPLE OF FLEET SHARES (FROM NOV 14 CAUCUS SESSION):

This is an example of how the fleet shares could be defined. The percentages were arrived at a caucus meeting of the Defined Shares/ITQ group. To fill in the table, they considered:

- recent historical percentages
- the allocation-exercise percentages from recent years

Sometimes the history number was chosen, sometimes the allocation number was chosen, sometimes a compromise figure was chosen. Every cell in the table was to have a minimum of 1% to provide for by-catch. Three new production areas were added (from existing 22 areas).

The table summarizes permanent allocation percentages that reps present at the Nov 14 caucus session (the Defined Shares/ITQ group) could live with. When the above numbers were applied to recent (2004-07) landed values, the result was very close to 40/38/22. The Defined Shares/ITQ group noted that if the recreational share was not fixed, then the table would be populated in strict accordance to Kelleher.

Species	Area	GN	SN	TR
Sockeye	North	74.0%	25.0%	1.0%
Sockeye	Central	29.5%	69.5%	1.0%
Sockeye	Rivers/Smith	88.0%	5.0%	7.0%
Sockeye	Barkley	39.0%	59.0%	2.0%
Sockeye	Fraser	38.0%	44.0%	18.0%
Pink	North	13.5%	81.4%	5.1%
Pink	Central	4.0%	95.0%	1.0%
Pink	Fraser	7.0%	82.0%	11.0%
Pink	Mainland	9.0%	73.0%	18.0%
Chum	QCI	42.0%	53.0%	5.0%
Chum	North	45.0%	54.0%	1.0%
Chum	Central	59.0%	40.0%	1.0%
Chum	Southbound	31.0%	63.0%	6.0%
Chum	Lower WC	33.5%	65.5%	1.0%
Chum	Upper WC	84.7%	13.1%	2.2%
Coho	North	10.0%	10.0%	80.0%
Coho	Inside	38.0%	55.0%	7.0%
Coho	WCVI	5.0%	5.0%	90.0%
Chinook	North - outside	1.0%	1.0%	98.0%
Chinook	Central	77.0%	2.7%	20.3%
Chinook	Inside	93.0%	1.0%	6.0%
Chinook	WCVI - outside	1.0%	1.0%	98.0%
Pinks	AB line	1.0%	1.0%	98.0%
Chinook	North - Inside	59.0%	39.0%	2.0%
Chinook	WCVI - Inside	80.0%	5.0%	15.0%

The above describes the process for and result of defining commercial fleet shares by the Defined Shares/ITQ group. The entire CSAB did not engage in a similar process to produce a consensus fleet share table.

SYNTHESIS & ADVICE

In this section, we synthesise the discussions of the SCORE and the CSAB and summarise their advice on each of the four key questions posed in the letter clarifying our engagement dated August 13, 2007.

The letter stated that, "DFO is seeking advice on a management framework for commercial salmon that contains the following elements:

1. Has 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 future.
2. Includes defined catch shares for all commercial salmon fishing fleets to provide for
 - a. Greater certainty and stability, and
 - b. Additional flexibility in structuring fisheries, including the potential for inter-fleet transfers under mutually beneficial circumstances.
3. Can be delivered in an integrated manner with share-based commercial fisheries conducted by First Nations (ie, all parties have an equal opportunity to harvest their shares under similar rules and common conservation objectives).
4. Contains a mechanism to permit transfers of catch shares through voluntary licence retirement in a fair and transparent manner."

1. CONSERVATION / ECONOMIC VIABILITY / FUNDING MONITORING PROGRAMS

CONSERVATION / ECONOMIC VIABILITY

Both groups offered approaches that would provide flexibility to respond effectively to conservation objectives in a sustainable manner. Conservation is a given in any discussion of salmon management reform, though the commercial sector generally feels it alone is bearing the conservation burden.

Both groups believe that their approaches would provide an economically viable solution but the groups have vastly different views of what economically viable means. For example, the Effective Process/IAP group would ensure viability by having the benefits of the fishery accrue to active fishers, and preserving the freedom of individuals to participate or tie-up. The Defined Shares/ITQ group would ensure viability by creating a management system that would allow individual licence holders to shape their own fisheries by seeking to acquire, from fellow licence holders, through willing buyer, willing seller transactions, a portfolio of shares meeting their business objectives.

An effective Integrated Allocation Process, the hallmark of the Effective Process/IAP group, would discuss and negotiate allocation each year, to identify an allocation that would provide an equitable distribution of available TACs amongst commercial fleets. Area Harvest Committees would lead discussion of key issues such as inactive licences in the area and how to organise fisheries to access small abundances if the area fleet would exert too much fishing pressure.

With defined shares and ITQs, individuals could and would shape their fishing businesses by purchasing quota for the species and fishing areas they desired, rationalising fleet size at their own cost as they did so. An economically viable fleet profile would eventually, probably rather quickly, be reached and the ability to buy/sell/trade/lease quota during the season would allow for further flexibility.

Both groups agree that viability is impossible if intersectoral shares are not addressed. The current application and interpretation of sports priority is inconsistent with defined share fisheries. Recreational access must be expressed as a percentage share of the Canadian salmon TAC.

FUNDING FISHERY MONITORING PROGRAMS

Funding of fishery monitoring programs was not explicitly discussed by the Effective Process/IAP caucus but it would likely become a topic for the Integrated Allocation Process.

A smaller fleet under ITQs would mean a more profitable fleet to the point that remaining licence holders would be able to contribute to the costs of fishery monitoring.

2. DEFINED CATCH SHARES / INTER-FLEET TRANSFERS

DEFINED FLEET SHARES

For the Effective Process/IAP group, fleet shares would be determined annually through the Integrated Allocation Process. Given the (extreme) volatility of salmon and access to harvestable abundances each year, fixing fleet shares for all time does not make sense. Given also that the current allocation process has, over the years, become quite streamlined, it makes more sense to determine fleet shares each year, as conditions change, to ensure that each fleet/area gets reasonable access to stocks.

The Defined Shares/ITQ group would fix fleet shares as a percentage of the commercial TAC once and for all. Members of this group spent one of their caucus days filling out gear allocations by 25 production areas (22 defined by DFO and 3 added to address significant harvests of US salmon stocks or to further distinguish fisheries). For each cell in the table, they considered historical percentages (ie, the outcomes of annual allocation negotiations and historical practice) and percentages that were developed during the allocation exercise that occurred in the autumn of 2005. For some cells, they went with historical percentages; for others, they used percentages from the 2005 allocation exercise; occasionally they blended the two and created a new allocation for a production area. They successfully reached consensus to complete this exercise. When the allocation percentages in the 25 production areas were applied to landed values from 2004-2007, the resulting fleet level allocation was very close to 40/38/22.

At one of their own caucus meetings, the Effective Process/IAP group reviewed the production area allocation percentages agreed to by the Defined Shares/ITQ group. The Effective Process/IAP group did not endorse or formally accept those allocation percentages but did say that, if they were involved with

a similar process and all agreed on a population of the table that they would accept it as a baseline fleet share.

The key sticking point between the groups is the length of the term of any agreed population of the production area table: one year, a cycle, several cycles, or forever.

INTER-FLEET TRANSFERS

Under the Effective Process/IAP approach, inter-fleet transfers would be discussed and managed annually, as is effectively the case today during the annual allocation discussions.

Under an ITQ system, inter-fleet transfers would be accomplished by individual buyers acquiring their desired quota in desired areas from willing sellers. A question that has to be asked in an ITQ system is whether, ultimately, there would be different fleets among which shares could be transferred.

Both groups support maintaining the current licensed areas (A-H) at least for the time being; the Defined Shares/ITQ group believes fixed gear shares are merely a starting point: transfers across gear types would be permitted. They plan to run a demonstration of inter-gear transfers in 2008.

3. INTEGRATED SHARE-BASED FIRST NATIONS COMMERCIAL FISHERIES

There is no doubt that an ITQ system in the salmon fishery could be delivered in an integrated manner with share-based commercial fisheries conducted by First Nations. Whether First Nations gain access through the Allocation Transfer Program, by purchasing commercial Category A licences, or by communal commercial fisheries included in Treaties or associated Harvest Agreements, all salmon fisheries would effectively be ITQ fisheries and therefore all salmon harvesters would be operating under the same rules and within the same management system.

A First Nation Treaty/Harvest Agreement specifying harvest of salmon stocks within its traditional territory might well define salmon harvests on stock (or stock agglomerations) that are more precisely defined than the table of 25 production areas. Since PICFI demands equal opportunity and similar rules, a more precise stock definition would have to be extended to the commercial fishery as well.

Since specified allocations by species or stock have been, and may be expected to continue to be, a hallmark of Treaties and Harvest Agreements, the Defined Shares/ITQ group noted that any approach that does not include individual quotas for commercial salmon licence holders is not going to be integrated, nor provide equal opportunity to harvest shares under similar rules. Those fishing under a Harvest Agreement, for example, have a protected share that no one else can harvest; without ITQs, commercial harvesters would be left to compete for their catch, creating an unlevel playing field.

4. TRANSFER MECHANISM / VOLUNTARY LICENCE RETIREMENT

Transfer of catch shares through voluntary licence retirement is straightforward in an ITQ system.

With the Effective Process/IAP approach, an individual licence in a given licensed area (A-H) would be deemed to represent (would be valued as) an equal share of the catch in that area (ie, TAC divided by the number of licences). The Integrated Allocation Process, supported by a comprehensive and transparent audit function, would be responsible for tracking transfers from the commercial fishery to First Nations and monitoring and evaluating their impact on the commercial fishery.

If the character of the access transferred is changed, then the impact on the commercial sector must be compensated. In our discussions, this was sometimes referred to as an exchange rate. To elaborate, transfers in marine waters or in areas of equivalent catch (eg, Katzie and Area E) would occur one for one; in contrast, transfers upstream (eg, Area E to Prince George) would have to be at a higher exchange rate—1,000 fish in Area E may be worth only 100 fish at Prince George. A First Nation in Prince George, in this example, could be given the option of harvesting 100 fish upriver or 1,000 fish in the lower Fraser. Alternatively, if DFO wished to transfer 1,000 fish to a band in Prince George, it would need to retire access to 10,000 fish in Area E.

CONCLUSIONS AND ADVICE

This report represents the culmination of Diamond Management Consulting's work with the CSAB and SCORE with respect to the advice sought by DFO on a share-based salmon management approach.

In this report we have identified our mandate, outlined the process we utilized to achieve the mandate, and provided our assessment of areas of consensus and divergence amongst the CSAB participants. While the report chronicles our work with CSAB and, we believe, accurately conveys both the tenor and the outcome of discussions and negotiations, readers should be clear that this is a Diamond Management Consulting report rather than a CSAB product.

In our facilitation role with CSAB we remained objective about ways and means of implementing a share-based approach in the salmon fishery, not indicating a preference for one path over another. We were not asked for opinions by the groups, nor did we offer them.

Although participants were cautioned throughout this process that DFO was seeking advice on fundamental reform in the salmon fishery, and that consensus advice would be accorded maximal weight by DFO, they were unable to achieve consensus on a comprehensive share-based salmon management proposal. Instead, they arrived at two distinct paths for reform, advanced by two distinct proponent groups. The areas of overlap—those issues on which consensus was reached—were significant but did not amount to a cohesive proposal.

There is a philosophical gulf between the two sub-groups within CSAB that they were unable to bridge through facilitation. This gulf is long-entrenched and reflected in opposing views on how the commercial salmon fishery should be managed and how economic benefits derived from salmon fishing should be distributed. If the current CSAB participants were able to reach consensus, our experience over the past two years suggests that it would take years, not months to achieve this.

Not surprisingly, there is varying opinion within the CSAB on the role of DFO in the diminution of the fishery from its historical stature (up until the early 1990s) to its present state. Some judge that DFO is *largely* responsible, citing allocation shifts, area licensing schemes, farmed salmon policy, lessened enhancement initiatives and overly-precautionary management. Others view DFO's role as merely *contributory*, one of many factors impacting the industry. While we will not render a view on this topic, we offer that DFO must play an accommodating role in any new fishery management approach. Industry cannot effect changes alone; DFO must demonstrate support, innovation and *leadership* as well.

In the absence of consensus advice from CSAB, DFO finds itself in an awkward but not unfamiliar position—wishing to make decisions on salmon fishery reform but lacking unanimous direction and support from salmon fishery leaders. Faced with an impasse at the CSAB table, DFO may take one of two positions:

1. Wait for consensus advice—continue to support CSAB negotiations.
2. Choose one of the two paths identified for implementation.

It is our advice that:

1. Consensus on a comprehensive share-based salmon management program is not close at hand, given the current mix of constituents at the CSAB table.
2. The economic issues facing the salmon industry are urgent, complex and crippling, and will be exacerbated as PICFI and commercial Treaty fisheries are implemented.
3. DFO should select one of the paths identified in this report, and task salmon industry leaders with developing a cohesive share-based salmon management approach, for implementation within a tightly defined timeframe.

APPENDIX A: MEETING ATTENDANCE LISTS

Commercial Salmon Advisory Board SCORE 21 st Century Salmon Management Project Attendance: Nov 3, 2006 BCIT Downtown, Vancouver, BC		
Organization	Name	Nov 3
A	Chris Cue	Yes
B	Gord Wasden	Yes
C		
D	Les Rombough	Yes
E	Richard Nomura Len Koyanagi	Yes Yes
F	Terry Gustafson	Yes
G		
H	Pete Sakich	Yes
Processors	Rob Morley	Yes
Union(s)	Garth Mireau	Yes
CSAB	Dave Barrett	Yes
Province	Wayne Saito	Yes
DFO	Ron Kadowaki Bert Ionson Gord McEachen Mark Saunders	Yes Yes Yes Yes
Diamond MC	Richard McGuigan Stu Nelson Edwin Blewett	Yes Yes Yes

Commercial Salmon Advisory Board SCORE – 21st Century Salmon Management Project Attendance: December 5 & 6, 2006 Delta Town and Country, Delta, BC			
Organization	Name	Dec 5	Dec 6
A			
B	Gord Wasden Bob Rezansoff	Yes Yes	Yes Yes
C			
D	Les Rombough Ryan McEachern	Yes Yes	Yes Yes
E			
F	Billy DeGreef	Yes	Yes
G	Kathy Scarfo	Yes	Yes
H	Pete Sakich	Yes	Yes
Processors			
Union(s)	Nick Stevens Irvin Figg	Yes Yes	Yes Yes
CSAB	Dave Barrett	Yes	Yes
DFO	Bert Ionson Gord McEachen	Yes No	Yes Yes
Province	Wayne Saito	No	No
Diamond MC	Richard McGuigan Stu Nelson Edwin Blewett	Yes Yes Yes	Yes Yes Yes

Commercial Salmon Advisory Board SCORE – 21st Century Salmon Management Project Attendance: December 12 & 13, 2006 Dorchester Inn, Nanaimo, BC			
Organization	Name	Dec 12	Dec 13
A	Chris Cue	Yes	Yes
	Bruce Lansdowne	Yes	Yes
B	Gord Wasden	Yes	Yes
	Bob Rezansoff	Yes	Yes
C			
D	Les Rombough	Yes	Yes
	Ryan McEachern	Yes	Yes
E	Len Koyanagi	Yes	Yes
F	Billy DeGreef	Yes	Yes
	Terry Gustafson	Yes	Yes
G	Kathy Scarfo	Yes	Yes
	George English	Yes	Yes
H	Pete Sakich	Yes	Yes
	John Hughes	Yes	Yes
Processors	Rob Morley	Yes	Yes
Union(s)	Nick Stevens	Yes	Yes
	Irvin Figg	Yes	Yes
CSAB	Dave Barrett	Yes	Yes
DFO	Ron Kadowaki	Yes	Yes
	Gord McEachern	No	Yes
Province	Wayne Saito	Yes	No
Diamond MC	Richard McGuigan	Yes	Yes
	Stu Nelson	Yes	Yes
	Edwin Blewett	Yes	Yes

Commercial Salmon Advisory Board SCORE - 21st Century Salmon Management Project Attendance: Jan 17 & 18, 2007 Delta Town & Country Inn, Delta, BC			
Organization	Name	Jan 17	Jan 18
A	Chris Cue	Yes	Yes
	Bill Wilson	No	Yes
B	Gord Wasden	Yes	Yes
	Bruce Lansdowne	No	Yes
	Bob Rezansoff	Yes	Yes
C			
D	Les Rombough	Yes	Yes
	Ryan McEachern	Yes	Yes
E			
F	Bill DeGreef	Yes	Yes
	Terry Gustafson	Yes	Yes
G			
H	Pete Sakich	Yes	Yes
Processors	Rob Morley	Yes	Yes
UFAWU			
UBBC			
CSAB	Dave Barrett	Yes	Yes
Province of BC	Wayne Saito	Yes	No
DFO	Bert Ionson	½ day	No
	Ron Kadowaki	½ day	No
	Paul Ryall	½ day	No
Diamond MC	Richard McGuigan	Yes	Yes
	Stu Nelson	Yes	Yes
	Edwin Blewett	Yes	Yes

Commercial Salmon Advisory Board SCORE - 21st Century Salmon Management Project Attendance: Feb 8 & 9, 2007 Delta Town & Country Inn, Delta BC			
Organization	Name	Feb 8	Feb 9
A	Chris Cue	Yes	No
B	Gord Wasden	Yes	Yes
	Bruce Lansdowne	Yes	Yes
	Bob Rezansoff	Yes	Yes
C	Mabel Mazurek	Yes	Yes
D	Les Rombough	Yes	Yes
	Ryan McEachern	Yes	Yes
E	Len Koyanagi	Yes	Yes
	Jim Smith	Yes	Yes
F	Bill DeGreef	Yes	Yes
	Terry Gustafsen	Yes	Yes
G	Kathy Scarfo	Yes	No
H	Pete Sakich	Yes	Yes
	John Hughes	Yes	Yes
Processors	Rob Morley	Yes	No
Union(s)	Nick Stevens	Yes	Yes
NBBC	Bill Duncan	Yes	Yes
CSAB	Dave Barrett	Yes	Yes
Province of BC	Wayne Saito	Yes	Yes
DFO	Bert Ionson	½ day	½ day
	Paul Ryall	Yes	No
Diamond MC	Richard McGuigan	Yes	Yes
	Stu Nelson	Yes	Yes
	Edwin Blewett	Yes	Yes

Commercial Salmon Advisory Board SCORE – 21st Century Salmon Management Project Attendance: April 12 & 13, 2007 Delta Town and Country, Delta, BC			
Organization	Name	April 12	April 13
A	Rick Haugen	Yes	Yes
B	Gord Wasden	Yes	Yes
	Bruce Lansdowne	Yes	Yes
	Bob Rezanoff	Yes	Yes
C	Joy Thorkelson	Yes	Yes
	Mabel Mazurek	Yes	Yes
D	Ryan McEachern	Yes	Yes
	Mac Matheson	Yes	Yes
E	Jim Smith	Yes	Yes
	Ken Connolly	Yes	No
	Len Koyanagi	No	Yes
F	Bill DeGreef	Yes	Yes
	Terry Gustafsen	Yes	Yes
G	Kathy Scarfo	Yes	Yes
H	Pete Sakich	Yes	Yes
	John Hughes	Yes	Yes
Processors			
Union(s)	Nick Stevens	Yes	Yes
	Dan Edwards	Yes	Yes
NBBC			
CSAB	Dave Barrett	Yes	Yes
Province of BC	Wayne Saito	Yes	½
DFO	Ron Kadowaki	Yes	No
Diamond MC	Richard McGuigan	Yes	Yes
	Edwin Blewett	Yes	Yes
	Dawn Steele	Yes	Yes

Commercial Salmon Advisory Board
SCORE – 21st Century Salmon Management Project
Caucus Meeting 1 - Attendance: September 27, 2007
BCIT Downtown, Vancouver, BC

Organization	Name	Sept 27
B	Bob Rezanoff	Yes
D	Ryan McEachern	Yes
Union(s)	Irvin Figg	Yes
	Nick Stevens	Yes
CSAB	Dave Barrett	Yes
Diamond MC	Richard McGuigan	Yes
	Edwin Blewett	Yes

Commercial Salmon Advisory Board SCORE – 21st Century Salmon Management Project Attendance - Caucus 2: October 3, 2007 Quality Inn, Parksville, BC		
Organization	Name	Oct 3
D	Les Rombough	Yes
F	Terry Gustafson	Yes
G	Kathy Scarfo	Yes
H	Pete Sakich	Yes
Union(s)	Dan Edwards	Yes
CSAB	Dave Barrett	Yes
Diamond MC	Richard McGuigan	Yes
	Stu Nelson	Yes
	Edwin Blewett	Yes

Commercial Salmon Advisory Board SCORE – 21st Century Salmon Management Project Attendance - Caucus 3: October 17, 2007 Richmond Inn, Richmond, BC		
Organization	Name	Oct 17
B	Bruce Lansdowne	Yes
	Bob Rezansoff	Yes
D	Ryan McEachern	Yes
F	John Hughes	Yes
H	Pete Sakich	Yes
Processors	Rob Morley	Yes
Union(s)	John Kerkovich	Yes
	Dan Edwards	Yes
CSAB	Dave Barrett	Yes
Diamond MC	Richard McGuigan	Yes
	Stu Nelson	Yes
	Edwin Blewett	Yes

Commercial Salmon Advisory Board SCORE - 21 st Century Salmon Management Project Attendance: October 23 & 24, 2007 Delta Town & Country Inn, Delta BC			
Organization	Name	Oct 23	Oct 24
A	Bob Rezansoff Rick Haugan	Yes Yes	Yes Yes
B	Bruce Lansdowne Bob Rezansoff	Yes Yes	Yes Yes
C	Joy Thorkelson Mabel Mazurek	Yes Yes	Yes Yes
D	Ryan McEachern Paul Kershaw	Yes Yes	Yes Yes
E	Len Koyanagi	Yes	Yes
F	John Kurtz Terry Gustafsen	Yes Yes	Yes Yes
G	Kathy Scarfo	Yes	Yes
H	Pete Sakich John Hughes Rick Nordstrom	Yes Yes	Yes Yes
Processors	Rob Morley Greg Taylor	Yes Yes	Yes Yes
Unions	Dan Edwards (UFAWU) Irvin Figg (UFAWU, CAW)	Yes Yes	Yes Yes
CSAB	Dave Barrett	Yes	Yes
Province	Wayne Saito	Yes	Yes
Diamond MC	Richard McGuigan Stu Nelson Edwin Blewett	Yes Yes No	Yes No Yes

Commercial Salmon Advisory Board SCORE - 21 st Century Salmon Management Project Attendance – Caucus 4: November 14 & 15, 2007 BCIT Downtown, Vancouver, BC			
Organization	Name	Nov 14	Nov 15
A	Chris Cue	Yes	Yes
B	Bob Rezansoff	Yes	Yes
D	Ryan McEachern	Yes	Yes
F	John Kurtz	Yes	Yes
	John Hughes	No	Yes
H	Jim Nightingale	Yes	Yes
Processors	Rob Morley	Yes	Yes
	Greg Taylor	Yes	Yes
CSAB	Dave Barrett	Yes	Yes
Province	Wayne Saito	No	Yes
Diamond MC	Richard McGuigan	Yes	Yes
	Stu Nelson	Yes	No
	Edwin Blewett	No	Yes

Commercial Salmon Advisory Board
 SCORE – 21st Century Salmon Management Project
 Attendance – Caucus 5: January 15 & 16, 2008
 BCIT Downtown, Vancouver, BC

Organization	Name	Jan 15	Jan 16
C	Henry Clifton	Yes	Yes
	Joy Thorkelson	Yes	Yes
E	Len Koyanagi	Yes	Yes
	Richard Nomura		
F	Billy DeGreef	Yes	Yes
	Terry Gustafson	Yes	Yes
G	Kathy Scarfo	Yes	Yes
Union(s)	Nick Stevens	Yes	Yes
	Irvin Figg	Yes	Yes
	Dan Edwards	Yes	Yes
CSAB	Dave Barrett	Yes	Yes
Diamond MC	Richard McGuigan	Yes	Yes
	Stu Nelson	Yes	Yes
	Edwin Blewett	Yes	Yes

Commercial Salmon Advisory Board SCORE - 21st Century Salmon Management Project Attendance – Full Board Meeting: February 5 & 6, 2008 Delta Town & Country Inn, Delta BC			
Organization	Name	Feb 5	Feb 6
A	Bob Rezansoff	Yes	Yes
B	Gord Wasden	Yes	Yes
	Bruce Lansdowne	Yes	Yes
	Bob Rezansoff	Yes	Yes
C	Joy Thorkelson	Yes	Yes
	Mabel Mazurek	Yes	Yes
	Richard Omori	Yes	Yes
D	Ryan McEachern	Yes	Yes
	Paul Kershaw	Yes	Yes
E	Ken Connolly	Yes	Yes
	Len Koyanagi	Yes	Yes
	Phil Eidsvik	No	Yes (pm)
F	John Kurtz	Yes	Yes
	Jim Wright	Yes	Yes
G	Kathy Scarfo	Yes	Yes
H	Pete Sakich	Yes	Yes
	John Hughes	Yes	Yes
Processors	Rob Morley	Yes	Yes
Union(s)	Dan Edwards (UFAWU)	Yes	Yes
	Irvin Figg (UFAWU, CAW)	Yes	Yes
NBBC			
Province of BC	Wayne Saito	No	No
CSAB	Dave Barrett	Yes	Yes
Diamond MC	Richard McGuigan	Yes	Yes
	Stu Nelson	Yes	No
	Susan Balfour	No	Yes
	Dawn Steele (notes)	Yes	Yes

