

## **Meeting Record**

### **Workshop – FNFC-DFO Economic Access Work Group (January 28 & February 1, 2011)**

#### **Day One – January 28, 2011**

##### **Participants:**

Russ Jones, Ken Malloway, Bill Shepert, Jeff Thomas, Violet Hill, Larry Greba, Chris Cook, Gary Alexcee, Don Roberts, Dave Moore, Don Hall, Thomas Alexis, Chris Nowotny  
Angela Bate, Tyler Collie, Sara Murdoch, Stacey Martin, Wilf Luedke, Barb Snyder, Elan Park,  
Brian Matts, Dale Michie, Chandra Clark  
Support staff: John Talbot (facilitator), Alex Gagne, Saul Milne, Matthew Kinch

##### **Welcome and Introductions:**

- Welcome by Russ Jones and Angela Bate (EAWG Co-chairs)
- Participant introductions
- Jeff Thomas said an opening prayer
- John Talbot gave a brief overview of the workshop.

##### **Review of Workshop Purpose and Agenda:**

- John Talbot outlined the workshop's purpose as listed on the agenda:
  - to provide an update on the major issues that were discussed by the working group following the Pacific Integrated Commercial Fisheries Initiative (PICFI) workshop on October 27, 2010;
  - to discuss and suggest criteria for First Nations notional allocations in the program;
  - to examine some of the strengths, challenges and opportunities of the program in order to prepare an effective business case for recommending an expansion of the program; and
  - to outline all the actions required in order to make an effective submission to the federal government in September 2011.

##### **Update on PICFI by Angela Bate (Fisheries & Oceans Canada)**

- Angela Bate went over a powerpoint presentation. PICFI is a five year \$175 M program that ends on on March 31, 2011. The purpose of the program is to enhance business and fishing capacity for First Nations to participate in integrated commercial fisheries. PICFI has four elements: co-management (\$11.6 million), access and distribution (\$115 million), capacity building (\$12.4 million), and enhanced accountability (\$11.2 million). Under access and distribution, Fisheries & Oceans Canada has provided short-term access and is working on several long-term agreements with First Nation groups.
- In the next fifteen months, there is about \$35 million remaining for acquiring access. DFO is interested in priorities for First Nations involved in PICFI.

##### **Questions and Comments:**

- Concerns about recreational fisheries. First Nations participated in a voluntary moratorium on Fraser bound Spring 4-2's, but other sectors are fishing these stocks. First Nations are interested in developing capacity, but regulations have to be applied consistently across sectors in the interests of stock conservation.
- Question about the criteria for the notional allocations and how it has been applied. First Nations were asked to form larger groups but it seems that they have been penalized in

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their allocations compared to smaller groups. DFO needs to clarify how the criteria have been applied. There has to be a way to break apart the high value quota for distribution. DFO has only acquired 2 black cod licences. Maybe a licence shouldn't be required to fish this quota.

- Some First Nations applications have been turned down. Better disclosure about the decision making process is required such as why applications are approved or denied. DFO has to be sensitive to the cultural context of the applicants in their traditional territory.
- In the short-term, licenses were allocated to First Nations that did not have the capacity to conduct a fishery and ended up leasing these licenses out.
- The share of PICFI for First Nation in the north coast area is low even although most fisheries take place there. If an effective business plan has been presented, First Nations should be provided licenses. Many groups didn't want to aggregate but did and changing the rules later is unfair.
- Need to look at options other than buyback for access to high value fisheries not being offered for sale. Some money should be set aside to conduct a study on geoduck and sea cucumber particularly whether the stock can support expansion in the number of licences.
- Lower Fraser First Nations were once offered 'buy back' licenses, but these communities obtained an allocation instead. Through allocations they are better able to distribute the access among the communities.
- PICFI is a program that is limited by time and resources. *Our Place at the Table* provides a long-term vision that can help to frame where First Nations want the program to go. A strategic document should be developed to articulate how PICFI should be implemented and how First Nations see themselves participating.
- What are the differences between commercial and communal commercial licenses? First Nations need more flexibility. *Communal commercial licenses cannot be sold, but the license structure is similar. Discussions are ongoing within DFO about the flexibility required for community access.*
- Can funding be reallocated among the different elements of the program. *Yes DFO can re-allocate funding (i.e. transfer capacity building funds to access and distribution funds).*
- DFO should produce a summary the amount of money spent on each species or licence type including the distribution of salmon.
- Who within DFO is responsible for accepting the expressions of interest and who within DFO is responsible for the final decision? *PICFI technical staff collect the information and develop a report that is presented to their respective manager and eventually signed-off by the Regional Director General. A list of DFO personnel is on the PICFI website). The decision making process is a collaborative effort with a formal review process conducted by both internal personnel and external contractors.*
- DFO should produce a decision-making matrix to illustrate the process.
- Is there a formal appeal process? *There is no formal appeal process. It is important to remember that the program will end in 15 months; it may be best focus on improving the existing program rather than developing new steps such as an appeal process.*
- Has the application process matured to a point that information can be provided such as who is involved? *Yes, this information can be shared. There are 25 groups with an approved Expression of Interest from a total of 90 First Nations.*

Presentation Continued:

- At this point, the mid-term evaluation is not public information.

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- The evaluation of the program is based on relevance (program objectives) and performance (effectiveness and efficiency)
- The term 'Formative' refers to the mid-term nature of the review. Many PICFI participants were interviewed as part of the review. The management action plan will be made public after the Deputy Minister finishes reviewing it. The recommendations under consideration are:
  - DFO should show more flexibility on requirements for aggregate bodies.
  - DFO should consider ways to improve consultation and communication, possibly through a Steering Committee that includes First Nations representation.
  - The PICFI program should lead a move toward a terminal fishery for salmon.
  - DFO should streamline application and approval processes and ensure adequate funding or support capacity to meet the demands that this process places on First Nations.
  - DFO should continue to investigate the potential for cooperation with other departments in this area, including INAC, WED, HRSDC, Industry Canada and other levels of governments.
  - The Atlantic Integrated Commercial Fisheries Initiative should be used judiciously.
  - DFO should plan for continuation of PICFI activities after the five-year program ends, contingent on available resources.

#### Questions and Comments:

- The mid-term evaluation incorporates many of the First Nations concerns that have been expressed. Some can be addressed now and others could be incorporated into a second phase of the program. A major question is how First Nations will be engaged in the review and revision of the program. The recommendations don't mention First Nation allocation although this is an important issue.
- *If First Nations can articulate a vision, this will be an important component of supporting the long-term aspect of PICFI.*
- The summary didn't mention the progress made, such as the building of First Nations capacity.
- Concern about transfers of fish between the coast and interior. Also why are there no demonstration fisheries allowed on the coast? *One objective of PICFI is to involve Interior First Nations in the commercial fishery. Salmon as well as other species are available for coastal First Nations. The Wild Salmon Policy supports this change in direction for commercial fisheries.*
- First Nations are accustomed to terminal fisheries and it is part of their traditional practice.
- It is important for DFO to commit to the Tier One, Tier Two and Tier Three processes.
- What is the impact of PICFI on coastal First Nations? For instance how many of the business plans submitted by First Nations from the coast requested salmon allocation. It is important to note how much fish is actually being distributed rather than percentages.
- Of the total licenses acquired, 151 of the licenses are for salmon-troll and seine-net fisheries. The gear required for a terminal harvest is less costly than in the regular commercial fishery.
- Still need to define share-based fisheries. There are coastal salmon fisheries that are part of the licences and/or salmon quotas that are being transferred to Fraser River sockeye upriver access. How can coastal First Nations access the non-Fraser salmon allocations?

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- Other approaches might be possible. First Nations could hold quota and licenses collectively. Basically, a 'floating quota' would be established that could be distributed based on stock health and availability. There would need to be some established principles (or protocols) for sharing.
- *Our Place at the Table* stated that First Nations should acquire half of the total commercial fishery (approx. \$900 million). The previous government was working on a \$500 million program. The previous Minister announced to First Nations at Squamish a \$350 million program. Eventually the current government announced \$175 million for this program (\$115 M for First Nations access). Although this was considered a start, more financial resources are required. Need to stay with the intent of a viable fishing business for First Nations. There is pressure to move away from aggregate groups. But First Nations need to work together to be a success in the industry.
- *DFO is interested in rethinking collaborative management and adopting an approach that recognizes diverse perspectives and authority. This requires a fundamental shift for DFO internally.*

Adjourned for lunch about 12:30.

First Nations held a Tier one session in the afternoon at 1:30 pm and again in the morning at 8:30 am.

### Day Two – February 1, 2011

Russ Jones, Ken Malloway, Bill Shepert, Jeff Thomas, Violet Hill, Larry Greba, Chris Cook, Gary Alexcee, Don Roberts, Dave Moore, Don Hall, Thomas Alexis, Chris Nowotny, Tyler Collie, Stacey Martin, Elan Park, Brian Matts, Dale Michie, Chandra Clark  
Support staff: John Talbot (facilitator), Alex Gagne, Saul Milne, Matthew Kinch  
Meeting called to order about 9:30 am.

#### Strengths, Challenges and Opportunities of the PICFI Program

- John Talbot outlined plans for Day 2. The afternoon will focus on developing a business case for the second phase of PICFI. This morning we have 3 case studies that will highlight some of the strengths, challenges and opportunities of the PICFI program.

#### Kitasoo and Xaixais Fisheries Vision Presentation by Larry Greba

- Kitasoo's success with its economic model is largely due to strong and stable leadership. The vision is based on aquaculture, wild fisheries, forestry, public service and tourism and is built on diversity (with aquaculture activity being around 30 per cent of the economy). Future projections are that Kitasoo can actively employ 20 percent of their local population in fisheries based on local stocks. This would create 45 full-time jobs and support 15 vessels.
- Kitasoo Seafoods is locally owned and operated and participates in a variety of fisheries. In the last decade, the diversity of the fishery has begun to generate the cash flow needed to support the established infrastructure, operating costs and wages. Processing focuses on farmed salmon, sea cucumber and herring spawn-on-kelp.

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- Six aquaculture tenures are held by Kitasoo Aquafarms Ltd. These are then leased to other companies. These operations create about 60 jobs for community members at the farms and in processing.
- Requirements for a successful fishing business includes a diversified fishery, adequate infrastructure, dependable fishery that generates cash flow (specifically a 'cash cow' that mitigates reliance on government), strong management, partnerships, well developed human resources, risk averse approach that may mean leasing versus operating a licence, and always seeking opportunities.
- More money is needed for a second phase of PICFI. 30 percent of commercial fishery access is a tipping point, after that First Nations businesses will grow over time. Assets need to be distributed fairly. PICFI needs to be co-managed. If First Nations own the assets there is a possibility to leverage additional resources. A First Nations license bank would provide the autonomy as well as the flexibility to access, trade and lease licenses among themselves. Need to provide an opportunity to fish locally.
- Questions and responses:
  - Is Kitasoo's interest in the 20 percent of wild fish based on local stocks? *Kitasoo First Nation is interested in influencing management and gaining access to fish stocks in the local area. The community resorted to salmon farming, as wild salmon stocks had declined. Other aquaculture activities such as clams, geoduck and scallops are possible, but these resources are finite just as the wild salmon stocks are.*
  - The business model is based on solid partnerships and the marketability of the product, something First Nations need to strive for. *Kitasoo partnerships are directly related to the amount of access obtained, as this creates market leverage. Fisheries access leads to external interest and investment.*

### Nuu-chah-nulth, Uu-a-thluk and the Somass Presentation by Don Hall

- The Somass salmon fishery is managed by two local First Nations: Tseshaht and Hupacasath First Nations. The communities set their own regulations, e.g., small boats and no power gear. The quantity of fish could be caught in a few days with a seine boat, but the gear restrictions ensure access to a larger number of community members. The current fishery involves about 150 participants over 2 – 3 months.
- Due to conflict between First Nations and DFO in the 1980's, an agreement was negotiated for an Aboriginal Commercial Fishery consisting of a community drag seine net and a gillnet fishery for sockeye. The two communities have regulations that are decided by the communities (not by DFO). The First Nations are managing the fishery, and the community can make the decision not to harvest at all if stocks are too low, as they did in 2008. These communities do not have separate Food, Social & Ceremonial or Economic fisheries, as the harvester determines how the fish is used. Generally there is a designated landing site and point of sale when an agreement for the Aboriginal Commercial Fishery is in place (not every year).
- Successes include: Fishery provides a cash infusion to the local economy of about \$1 - 3 M per year. First Nations develop their own management plan. Good fishery monitoring and reduced enforcement costs when an agreement is in place. The Somass Roundtable brings together First Nations, Recreational, Commercial and DFO. Benefits are broadly distributed among about 150 fishermen.

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- Challenges in this fishery include: the low prices offered for the fish, the lack of a long-term agreement between First Nations and DFO, need to improve infrastructure, the allocation formula between different sectors, and lack of ability to expand the fishery such as the ability to transfer shares from existing commercial fisheries to the community fishery.
- Recommendation for this fishery related to PICFI are: a means to increase the First Nation allocation, a better allocation formula, and multi-year agreements between First Nations and DFO.

#### Questions and Comments:

- Has a community-processing operation being considered? *Yes, it was tried in the past and is always under consideration. Cash flow to buy fish from community participants was a hindrance to a previous community processing operation.*
- Why are multi-year agreements important? *Long term stability is needed to approach conventional lenders about expanding fishing businesses. Past Nuu-chah-nulth AFS agreements have been up to 7 years. However, if permanent businesses are to be created, a permanent agreement is essential.*

#### PICFI and In-Land Commercial Fishery Development (UFFCA) Presentation by Thomas Alexis

- UFFCA is engaged in PICFI and is supporting Upper Fraser First Nations to re-develop their commercial fisheries. Terminal fisheries in the Upper Fraser are affected by low abundance. The effects of aggregate based management and mixed stock experience are of concern, as return and spawning rates are low and declining, essentially a “race to the bottom”. The management decisions that are being made provide limited opportunity for Food, Social & Ceremonial fisheries as well as economic fisheries.
- The current management approach that limits access for food purposes is a possible infringement on the rights of First Nations.
- Mixed stock exploitation will continue, but conservation has to be a primary objective. This requires First Nations to communicate with each other.
- The funding provided by PICFI assists in the development of business and organizational structures as well as providing the assistance to achieve some of the conservation objectives.

#### Tsilhqot’in National Government Presentation by Chris Nowotny

- The principle message for the Upper Fraser is about the need for conservation and sustainable fisheries. This requires use of selective gear and selective harvest.
- The community determined that a commercial demonstration fishery was more appropriate than a traditional dip-net. Harvest was minimal this year, with several fishery attempts and with varying success.
- The community secured exclusive supplier status with the local Grower’s Co-Operative and hosted a PICFI Commercial Fishing Enterprise workshop attended by local communities as well as DFO. The fishery was selective in use of gear and choice of fishing site.
- Successes include: Chilko has a consistent large salmon run, project was supported by UFFCA, DFO and Siska for processing, identified opportunities for improvements, identified a local retail market, and will continue efforts to build working relationships with other communities in the Upper Fraser.

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- The challenges and barriers included water flow conditions, problems with the beach seine fishery including lack of acceptance, limited Taseko stock data that forces a conservative approach, and a need for local processing facilities.
- Next year we plan to conduct demonstration seine net on Chilko Lake, secure agreements with other communities (bands), investigate the opportunities for local processing, and conduct an economic analysis of the commercial fishery.
- For the Second Phase of PICFI, the community would like to see fisheries at other locations, support for infrastructure development, support for business planning and marketing, and the extension of the demonstration fishery.

Participants broke into four groups to discuss the following question:

***Based on the four presentations and your own experience, what do you think are the key elements that need to be incorporated into a new multi-year PICFI program?***

Each group presented their results to the full group as listed below:

#### **Group One:**

1. More money to increase FN participation in economic access fisheries [note: all groups stipulated this need going into the discussion groups].
2. Target a percentage of FN participation in the next round and subsequent funding until at least 50% access is reached
  - a. e.g. if Phase I achieves 10%, target Phase II for 20%, Phase III for 30%, etc.
  - b. Government to allocate enough funding to reach target acquisitions but note that more funding may be required to reach phased targets as the “low hanging fruit” is acquired in earlier rounds of purchasing.
3. Fair distribution between FNs based on clear criteria
4. Increased flexibility to use funding for other fisheries related activities, e.g. infrastructure such as freezing, storage, ice, access to landing sites, processing, etc.
5. Flexibility in use of PICFI acquired access e.g. FN guided halibut opportunities.
6. Long-term agreements
7. Permanent transfer of access to recipient CFEs
8. Funding to maximize value from harvest
  - a. Marketing and adequate funding to help reach major markets (e.g., China)
  - b. Help FN CFEs work together e.g. marketing advantages, B.C. FN brand, compete effectively with other B.C. companies, FN Stewardship Council
  - c. Product traceability
  - d. Partnerships development with existing B.C. Fishing Companies
9. Expand PICFI into non-traditional activities e.g. at-sea and dockside monitoring, ocean ranching
10. Government to buy CanFisCo and transfer to FNs in B.C.; similar to the transfer of Sea Lord in New Zealand

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11. Coordinate PICFI access and fisheries assessment e.g. design PICFI fisheries to also provide assessment information
12. Allow purchase of whole businesses, not just licences

#### **Group Two:**

1. Support diversification e.g. allocations for multiple species
2. Community planning and community management should incorporate the concepts of conservation and sustainability
3. Engage with other government agencies and interest groups
4. Process for allocations and access need to be improved with well-detailed next steps and consistency of application
5. Co-management with First Nations being involved in the design and implementation of the management regime
6. The last four years have largely been a learning period, and a long-term visioning exercise is now required
7. Incorporate fairness and encourage trust building
8. A need for long-term agreements and long-term strategic planning
9. Need to be flexible and open to new ideas; it is important to recognize the cultural context of different communities
10. Promote selective fishing practices as these may provide additional value
11. Ownership of licenses provides consistent access and capacity to build assets
12. Building capacity, continue to develop skills within the community
13. Networking with the number of groups that are around e.g. marketing, branding, co-ops
14. Quality management
15. Moving forward with the lessons learned; DFO has to reflect and respond to First Nations feedback
16. As First Nations are building a business case, a common theme is how much value could be added based on the established infrastructure. This could be a strong underpinning for a second phase of PICFI, if money was available for say, a processing plant

#### **Group Three:**

1. More involvement for First Nations in the scoping and decision making processes associated with Program development and delivery e.g. Joint board to develop and implement the program
2. Increased First Nation involvement during the access relinquishment stages – on criteria for license relinquishment and types of licenses; Need to explore non-voluntary buying back of licenses
3. More flexibility on funding support for infrastructure and capacity building
4. An accurate snapshot of baseline status of First Nations on the coast and the interior – current capacities, infrastructures, etc.
5. Permanent long term access/licenses that is not tied to agreements so that communities have the ability to plan and built capacity long term
  - a. Longer term stability for licenses and funds – predictability over a longer term
6. Continuation of PICFI I model to have demonstration fisheries
7. More flexibility to respond to the differing circumstances on the coast and interior
8. Increase access to high value species

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9. Incorporate guiding principles to govern the program which are developed by FNs
10. Be more flexible with requirements for aggregating
11. Allow experimental licensing restrictions that can be developed in cooperation with FNs
12. Develop mechanisms to support self-sufficiency within communities i.e. allow flexibility in how FNs lease out/utilize their licenses to support self sufficiency
13. Develop a FN owned and operated license bank which supports a balance between centrally held and regionally held access
14. Research other models for calculating allocations e.g. big commercial players who fully exploit their TAC versus some First Nations that want to retire access for conservation purposes
15. Take advantage of the capacity developed in PICFI 1 to get PICFI 2 off the ground faster i.e. get the money out the door faster, and allow for 4-5 year business plan development
16. Honour existing commitments made in PICFI 1 i.e. CFEs that are just getting off the ground, business plans that have been developed

#### Group Four:

1. Collaborative approach for the implementation of the process that guides the next phase of PICFI
2. Overarching marketing board that provides competitive capacity to reach or build market; But FNs should be cautious about a fish marketing board as this process is not always voluntary
3. Ability to manage their own CFE with training
4. Organize a Steering Committee for the Program, as a higher level initiative
5. Do not follow the current AFS templates
6. High value access to geoduck or sea cucumber
7. Government or FNs buyout of private businesses
8. Access should be owned by FNs in order to provide long term access

#### Comments:

- What has been the overall impact or benefit of PICFI?

#### Action Plan for the Economic Access Working Group

Follow-up actions by the workgroup are listed in the table at the end of the document.

#### Workshop Wrap-up

- What Worked Well:
  - Having a facilitator
  - Constructive to have DFO participate in activities
  - Exchange of ideas through groups that provided different options ('think tanks')
  - The diversity of participants
  - Case Studies are informative
- Areas for Attention:
  - Tier One needs ample time to organize
  - Follow the agenda that has been outlined
  - Provide period for questions after each activity

The workshop adjourned about 3:30 pm.

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#### Workshop Action Items

<b>Tasks</b>	<b>Who</b>	<b>When</b>
Revise inter-tribal draft principles and develop draft discussion document.	Alex Gagne and Russ Jones	February/March
Develop an initial framework for the business case for a new multi-year PICFI program.  Identify the specific tasks that need to be completed together between February and September.	Economic Access Working Group	February/March
Incorporate a discussion about terminal fisheries.  Invite individuals with different perspectives on the topic of terminal fisheries.	Economic Access Working Group	March?
Discuss the objectives, agenda and participants for a larger consultation workshop in late March.	Economic Access Working Group	Within a month from now
Propose next Economic Access Working Group meeting (prior to next workshop)	Economic Access Working Group	Within a month from now