



Executive Secretary's Summary of Decisions
29th Annual Meeting of the Pacific Salmon Commission

The Pacific Salmon Commission held its 29th Annual Meeting February 10-13, 2014 in Vancouver, B.C., at the Sheraton Wall Centre, and discussed a number of topics (see attached agenda).

The Commission AGREED:

1. The minutes from the October 2013 Fall Meeting are approved with revisions.
2. The Canadian proposal to extend Secretariat administration of various test fisheries is approved for one year in 2014 under the same conditions as in 2013, with the program divided into 2 categories: Panel-approved Fraser sockeye test fisheries and other test fisheries. The Secretariat will consult with Canadian personnel to evaluate operations in 2014 and report back to the Commission in early 2015.
3. The report of the Sentinel Stock Committee, including proposed projects for 2014, is accepted.
4. The Interim Advisory Committee will report to the Commission in October 2014 on its efforts, including an outline for the Commission's strategic plan.
5. The report of the Standing Committee on Finance and Administration is approved, including the budget for fiscal year 2014/2015.

ATTENDANCE
PACIFIC SALMON COMMISSION
ANNUAL MEETING
FEBRUARY 10-13, 2014
SHERATON WALL CENTRE, VANCOUVER, BC

COMMISSIONERS

UNITED STATES

B. Turner (Chair)
W.R. Allen
P. Anderson
W. Auger
D. Bedford
M. Clark
R. Elicker
M. Oatman

CANADA

S. Farlinger (Vice-Chair)
B. Assu
J. McCulloch
M. Ned
B. Riddell
B. Rezansoff
P. Sprout

PACIFIC SALMON COMMISSION FALL MEETING
FEBRUARY 10-13, 2014
SHERATON WALL CENTRE, VANCOUVER, BC

ATTENDANT DOCUMENTS

1. Draft Agenda
2. Selective Fishery Evaluation Committee (SFEC) report, February 11, 2014
3. Transmittal of U.S. Section Habitat Reports
4. Discussion Paper: Potential virtual meeting for October 2014
5. Pacific Salmon Commission Test Fishery Program: United States support of continuation of the 2013 test fishing approach for 2014
6. Annual Report of the Southern Boundary Restoration and Enhancement Fund and the Northern Boundary and Transboundary Rivers Restoration and Enhancement Fund for the year 2013
7. Report of the Standing Committee on Finance and Administration
8. Sentinel Stocks Projects for 2014



Draft Agenda

**Pacific Salmon Commission
29th Annual Meeting**

**February 10-13, 2014
Sheraton Wall Centre
Vancouver, B.C.**

- 1. Adoption of Agenda**
- 2. Executive Secretary's report**
- 3. Approval of Minutes**
 - a. October 22-24, 2013
 - b. January 13-16, 2014
- 4. Action Items Pending**
 - a. Report from Outreach and Transparency Workgroup
 - b. Update on bylaws review
 - c. Secretariat test fishing administration in 2014
 - d. Report from Interim Advisory Committee
 - e. Follow up to January 2014 memorandum from JTC co-chairs re. funding constraints and program delivery
 - i. Input from Chinook Interface Group
 - ii. Sentinel Stocks Program continuation beyond 2014
 - iii. Response from Commissioners, next steps
- 5. Reports from Panels and Committees**
 - a. Joint Fund Committee
 - b. Standing Committee on Finance and Administration
 - c. Committee on Scientific Cooperation
 - d. Progress Reports on Work Plans – Panels and Technical Committees – as needed
- 6. Other Business**

SFEC Report

Pacific Salmon Commission

February 11, 2014

Rob Houtman

Gary S. Morishima

Overview

- Proposals have been received
- MM Proposals

Species	# Fish Proposed to be Mass Marked	
	2013	2014
Coho	35.1 million	34.3 million
Chinook	114.4 million	119.4 million

- MSF Proposals (some for multiple fisheries)

Species	# Proposed for 2013	# Proposed for 2014
Coho	24	19
Chinook	26	30

MM Proposals

- MM appears to have stabilized
- DIT groups being discontinued
 - Coho
 - Chinook (when MSFs are expanding)
 - Recommended DIT groups not implemented (CR summer and fall chinook)
- Some MM releases not represented by CWTs
 - Coho
 - Chinook

MM Proposals

(excluding marked CWT'd fish)

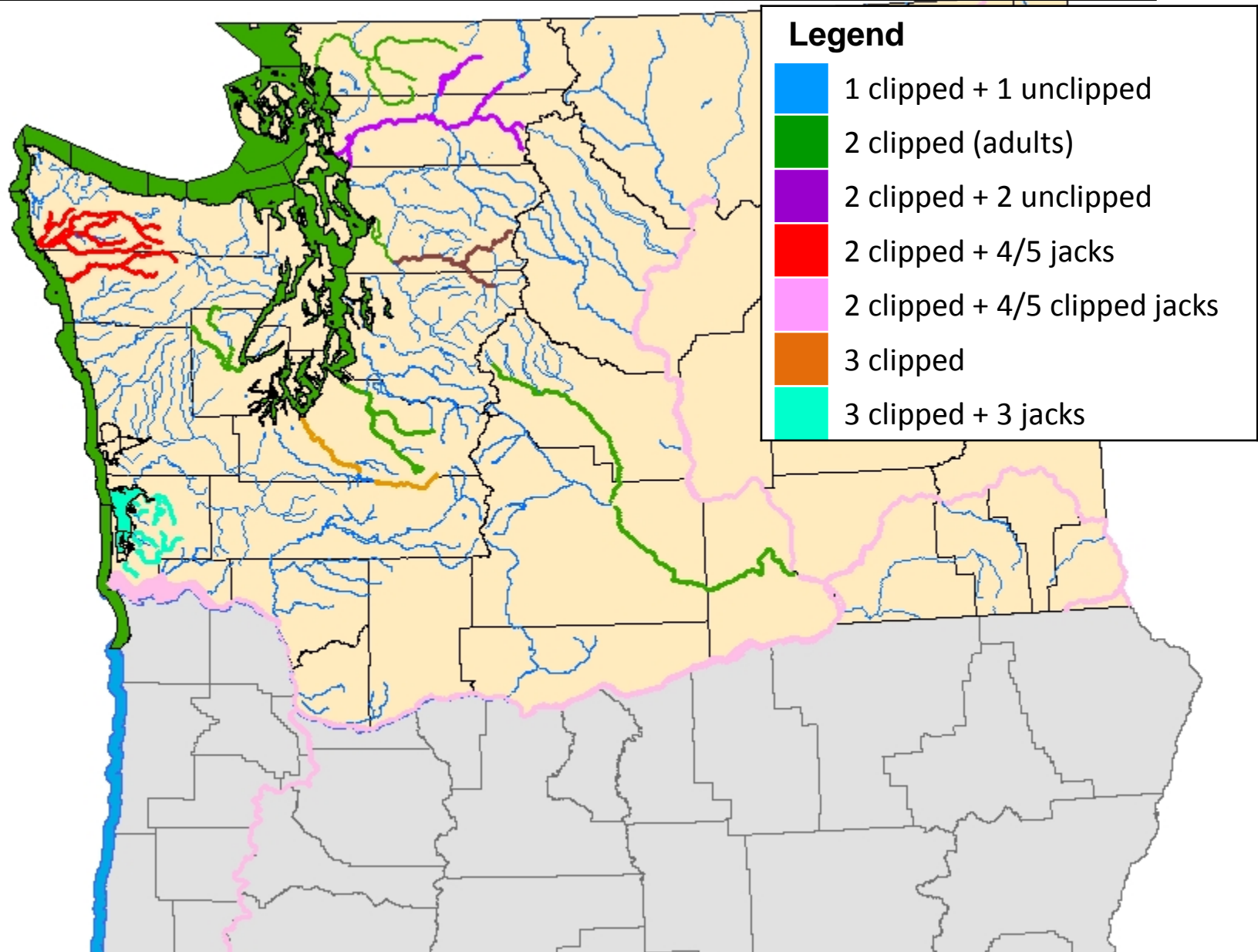
Agency	Coho (million fish)	Chinook (million fish)
ADFG	0	0
USFWS	1.3	23.7
CDFO	5.0	0
WDFW/Tribes	22.3	72.0
ODFW/Tribes	5.6	23.6
IDFG	0	0
CDFG	0	0
TOTAL	34.3	119.4

MSF Proposals

Agency	Coho	Chinook
ADFG	0	0
CDFO	5	1
WDFW	10	20
ODFW	2	2
WDFW/ODFW	2	6
IDFG	0	1
CDFG	0	0
TOTAL	19	30

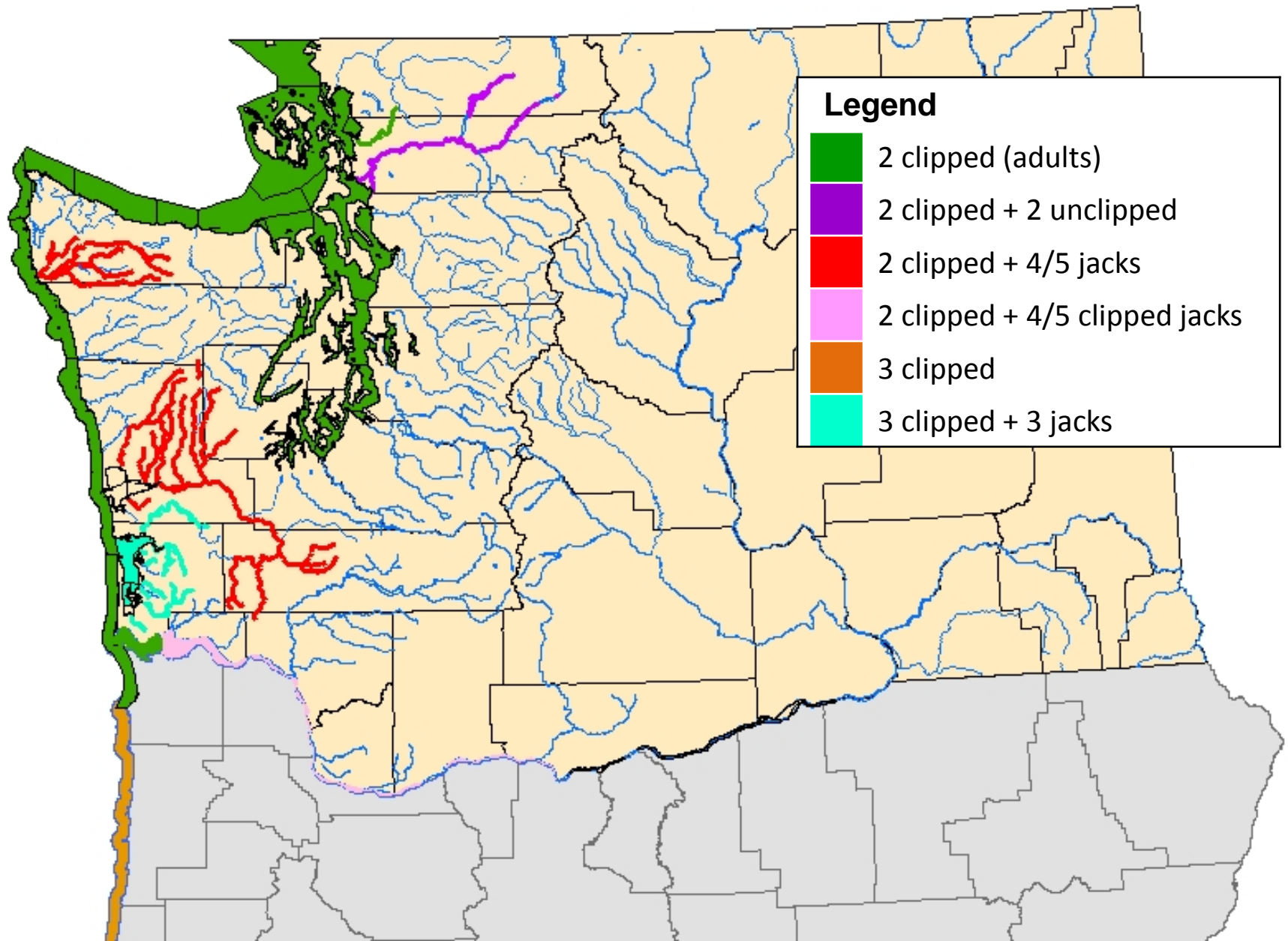
Bag Limits Proposed for 2014

Chinook Recreational Mark-Selective Fisheries

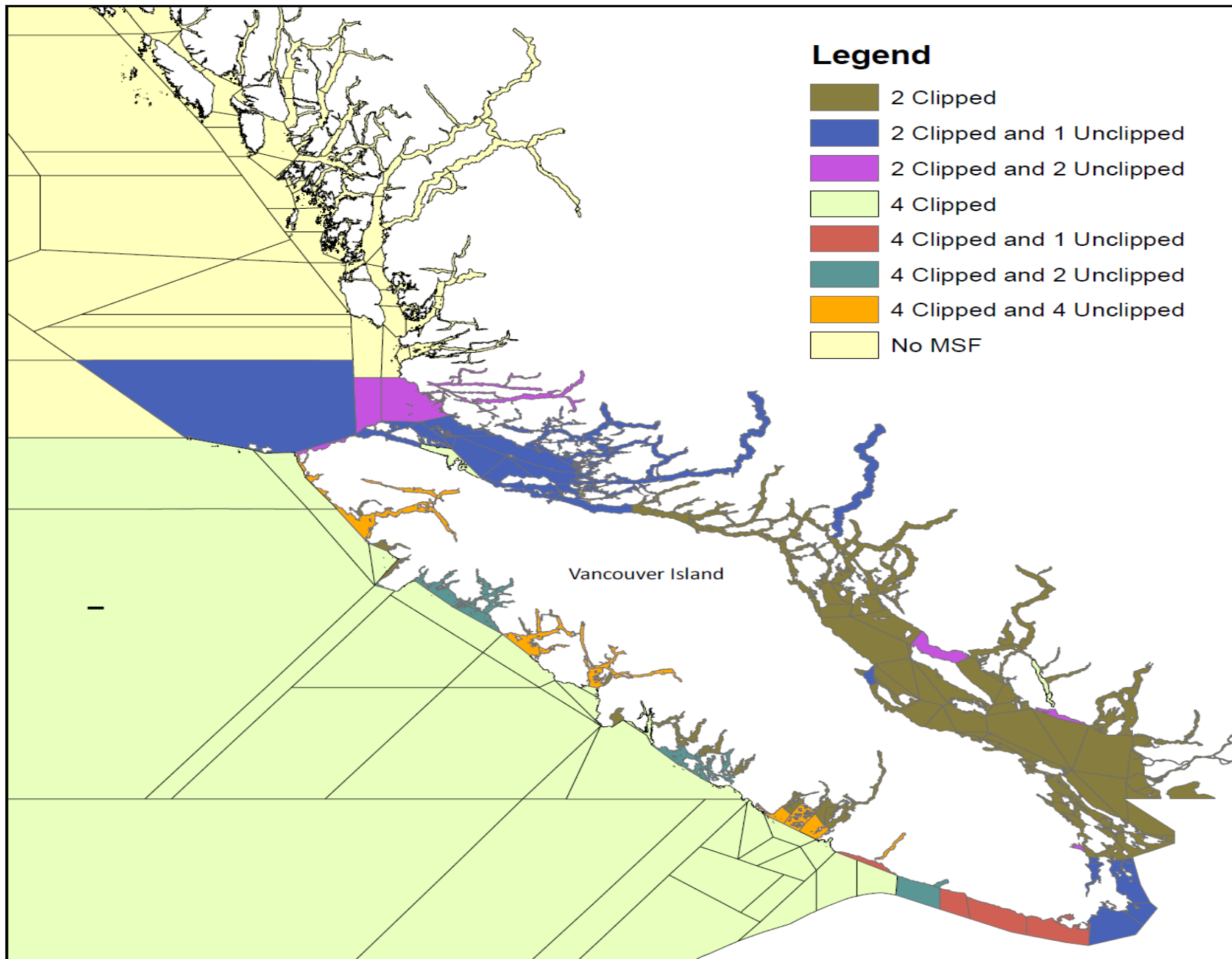


Bag Limits Proposed for 2014

Coho Recreational Mark-Selective Fisheries



Bag Limits for Southern British Columbia Coho Recreational Fishery by PFMA Sub Area



MSF Proposals

- PS limited opportunity for spatial expansion
- WA ocean and CR Chinook spatial and temporal expansion
- Continuing concern for reporting of MSFs
 - Advances in PS marine Chinook MSFs, but not elsewhere

Category of Information Needed

1. Fishery Regulation
2. CWT sampling method
3. CWT estimation method
4. Alignment of regulations and sampling program
5. Catch Estimation
6. Indicator and DIT stocks

MSF Proposals

- R-Y-G tables & issue list
 - Complex regulations (e.g., mixed bag)
 - Inadequate catch monitoring and CWT sampling programs
 - Voluntary recovery programs in BC sport fisheries
 - Misalignment between MSF and catch sampling programs
 - Insufficient data collection (e.g., mark status, size category, retention)

Table of Issues

Category of Information Needed	Subcategory of information	Types of information provided	How Information is Used for MSF Evaluation	Consequences of Information Deficiency
1. Fishery Regulation	1) Mark-bag limit type	1) MSF (i.e., for mark selective species, only marked fish can be retained)	This information is necessary in order to determine what method to use to estimate mortalities by size and mark status.	Note that SFEC has not been able to develop direct means to allocate non-landed mortalities under complex mixed bag regulations.
		2) Mark-mixed bag limit (i.e., for mark selective species, a portion of total bag limit can be unmarked)		
		3) Mark and Size-mixed bag limit (total bag limit divided into size-range-specific limits)		
2. CWT sampling method	1) Methods to sample for CWTs	1) Direct sample in creel surveys and dockside sampling (random sampling of fishery).	Direct sampling programs are statistically designed programs where technicians collect information. The number of CWTs recovered by the fishery is made with a CWT expansion for	If sample expansions are not available due to lack of total catch estimates in direct sampling no estimate of CWTs recovered by fishery can be made.
		2) Voluntary Recovery Program - fishers send in heads, e.g., in BC sport fishers send in heads from clipped fish. Note that this is by	For the voluntary recovery program it is necessary to estimate the CWT recoveries from a submission rate of heads by fishers.	Submission rate estimation depends on a catch estimation program. If this is not in place for a fishery, submission rates from other areas or periods have to be used. This will result in increasing bias in the estimate of CWT recoveries.
	2) CWT detection method	1) <u>Electronic</u> detection will be implemented. All fish (marked and unmarked) will be checked for CWT using electronic gear (wands, tube detectors)	Electronic detection will result in recoveries of all tagged fish in the sample, both unclipped and clipped. Unclipped and tagged fish are released as DIT groups and also from some conservation programs.	
		2) <u>Visual</u> detection will be implemented -- the adipose fin-clipped (marked) fish in sample is an indicator of a CWT. All heads/snouts from clipped fish are checked for tags. Unmarked/unclipped fish in the sample are not checked for tags.	Visual detection results in recoveries of tagged and clipped fish only. Any unmarked and tagged fish will not be detected.	Where DIT groups are in the fishery or escapement unmarked and tagged fish will not be sampled and estimates of total CWT recoveries will be biased. Also any CWT groups that are released without removal of the adipose fin (e.g., conservation groups) will not be detected with visual detection.

Table of Issues

Category of Information Needed	Subcategory of information	Types of information provided	How Information is Used for MSF Evaluation	Consequences of Information Deficiency
3. CWT estimation method	1. CWT estimation method	1) Standard method using CWTs sampled from fishery.	Estimates of CWT recoveries in fisheries and escapement are used for cohort analysis, estimation of exploitation rates and other stock parameters	If estimates of total CWT recoveries are biased all CWT based estimates will also be biased
		2) Non standard, or indirect, using tag ratios from proxy (i.e., hatchery or fishery, where relationship has been established)		
		3) Non-standard or Indirect, with poorly or unestablished proxy		
		4) None proposed		If no CWT estimates are made all CWT based estimates will be biased.
4. Alignment of regulations and sampling program	1) Strata (time/area boundaries) definitions for sampling, catch estimation, and fishery regulations.	Consistent, matching strata definitions (time period, area) need to be employed for fishery regulations, catch sampling, and CWT reporting.	Estimate total catch or escapement and associated uncertainties surrounding those estimates. Estimating total catch or escapement and sampling fractions require that sampling strata and regulation strata (area, time period) match. Information on strata employed enables interpretation of uncertainty regarding estimated CWT recoveries.	If for instance one sample strata includes both a NSF and a MSF fishery area and/or period then the estimates of CWT recoveries cannot be made for these separate fisheries
		1) Time/area strata match when comparing fishery regulation and sampling/catch estimation strata boundaries.		
		2) There is a <u>mismatch</u> between fishery regulation and sampling/catch estimation strata boundaries (area and/or time periods).		
		3) Time/area strata are unclear or undefined for the sampling program and/or fishery regulations.		

Table of Issues

Category of Information Needed	Subcategory of information	Types of information provided	How Information is Used for MSF Evaluation	Consequences of Information Deficiency
5. Catch Estimation	1) Catch estimation by size/mark/retention status.	1) Will provide estimates of angler effort and <u>total encounters by size/mark group</u> . Encounters calculated as retained catch estimates by size/mark group (i.e., via creel surveys, catch record cards, or fish tickets) plus total releases by size/mark category (release proportions by size/mark group estimated via on-water test fishery and/or voluntary trip reports). May include bias correction (e.g., Conrad and McHugh 2008) method for estimating encounters, if applicable.	Need to estimate exploitation rate by stock using CWT indicators, which requires estimates of fishery-total encounters and associated impacts, including landed mortalities as well as handling-and-release mortalities by size/mark category.	SFEC postseason reports request that total retained and released fish in MSFs are estimated and reported by size (legal or sublegal) and mark category (marked [adipose fin-clipped] or unmarked [adipose fin intact])
		2) Will provide estimates of angler effort and <u>total landed catch</u> (i.e., via catch record cards or creel estimates), but <u>will not estimate releases by mark and size category</u> ; total encounters estimates not provided.		
		3) Did not describe catch estimation.		
		4) No catch estimates will be done.		
6. Indicator and DIT stocks	1) Are <u>CWT indicator stocks</u> expected to be impacted in the fishery?	0) No; CWT indicator stocks are not expected.	Estimate anticipated stock-age-specific encounters of CWTd fish in the fishery. Determine potential significance of MSF to indicator stocks.	Lack of information to determine potential significance of MSF to indicator stocks.
		1) Yes, CWT indicator stocks are expected, and a <u>complete</u> list of indicator stocks was provided.		
		2) Yes, CWT indicator stocks are expected, and an <u>incomplete</u> list of indicator stocks was provided.		
		3) Yes, CWT indicator stocks are expected, but a list of indicator stocks was <u>not</u> provided.		
	2) Are <u>Double index-tagged (DIT)</u> fish expected to be impacted in the fishery?	0) No; DIT stocks are not expected.	Estimate mortalities of unmarked and tagged (DIT) fish that are landed, as well as those that are handled and released, in order to estimate impacts of MSFs on the unmarked (wild) stocks.	Unmarked and tagged fish will not be recovered, and estimates of unmarked landed and release mortalities will be biased.
		1) Yes, DIT stocks are expected, and a <u>complete</u> list of DIT stocks was provided.		
		2) Yes, DIT stocks are expected, and an <u>incomplete</u> list of DIT stocks was provided.		
		3) Yes, DIT stocks are expected, but a list of DIT stocks was <u>not</u> provided.		

At a glance: Green-Yellow-Red

Color	Level of concern to SFEC
	None
###	Moderate
###	Major

Red-Yellow-Green - examples

Species	Proposal ID (assigned by SFEC)	Location	Fishery Type	Regulations	CWT Sampling Method	Detection Method	Stratification	Catch Estimation	Indicator Stocks
Coho	MSF-FOC-02	BC Management Areas 11-29	Terminal Recreational	1.1.3, 2.1.2	2.1.2	3.1.2	4.1.2	5.1.2	
Coho	MSF-FOC-05	BC Management Areas 23-27, 121-127	Preterminal Commercial					5.1.2	
Coho	MSF-WDFW-06	Ocean Areas 1-4 & Col R Buoy 10	Recreational						
Coho	MSF-WDFW-22	Willapa Tributaries including North River, Smith Creek, Willapa R, Niawiakum, Palix, Nemah,	Recreational	1.1.2		3.1.2	4.1.3	5.1.2	
Chinook	MSF-WDFW-19	Ocean Areas 1-4	Recreational						
Chinook	MSF-WDFW-20	Skokomish River Sport	Recreational						
Chinook	MSF-WDFW-26	Willapa Bay MA2.1	Recreational	1.1.2			4.1.2	5.1.2	

Proliferation of regulations for implementation of MSFs

- Five major types with multiple variations

Category	Description
MSF	Release of all unmarked fish
MSF size–mixed bag	Different bag limits for adults and juveniles, all unmarked fish released
MSF marked mixed bag	Limit of the unmarked fish that can be retained in daily bag regardless of size
MSF size and marked mixed bag	Limit of the unmarked adult fish that can be retained in daily bag
Species MSF	Multiple species fishery with mark retention restriction on one species

Implications of MSF complexity

- Regulations affect complexity and costs for catch monitoring, sampling, and reporting systems
- Difficulty of developing methods to estimate MSF impacts
 - Planning
 - Post-facto assessment

Issues

- Detailed reporting of MSFs
- Evaluation of DIT in Columbia River and Southern BC

Issues

- Dependency on CWT system – concern for erosion of cornerstone for management, stock & fishery assessments
 - Anadromous Fish Act
 - Bonneville Power Administration
 - CWT – indicator stocks and DIT groups
 - Catch sampling
 - Technological developments (e.g., GSI-pbt)

Examples

- Anadromous Fish Act - imminent loss of ocean fishery sampling in US – CWTIT \$ expires
- ODFW & BPA (\$2.5 million cut)
 - Sampling (severe impacts on ocean coast sampling; Columbia River sampling reduced by 2/3)
 - Tag Lab (\$180,000 to \$22,000 – loss of timely information on CWT recoveries – including all lower Columbia River – inseason management and post-season assessments)
 - Reduced or lost tagging of PSC indicator stocks (\$230,000 to zero over 3 years)
- WDFW-BPA MoU through 2018 to maintain \$2.3 million annually
- DFO
 - Significant budget reductions anticipated for both catch monitoring and CWT sampling programs

Data-driven to Assumption based management

- Uncertainty, risk, and precautionary approaches
 - Compensatory buffers
 - Fishing patterns (decreased reliance on mixed-stock fisheries)
- Additional funding needed to maintain stock and fishery assessment capabilities and the viability of the coastwide CWT system
- **Recommend:** Initiating multi-TC evaluation of impacts of budgetary pressures on the ability to implement PSC regimes (letter from TC Co-Chairs)

Future Plans

- 2013 & 2014 MM/MSF reviews: target completion date Feb 2014
- Data Directory for portions of annual reports
 - Preformatted RMIS
- Address problems in reporting of MSFs
 - Regulations
 - Encounters, releases, etc. (on line or post- season report) Follow-up inquiries to MSF Proponents to provide information
- Coho DIT update – draft by early spring '14 for PS, WC. Chinook DIT reported by CTC in exploitation rate analysis and calibration reports- differences are becoming apparent.
- Lessons Learned draft anticipated early spring

U.S. Commissioners
Bob Turner
David Bedford
Phil Anderson
W. Ron Allen

**UNITED STATES SECTION
PACIFIC SALMON COMMISSION**

Office of the
U.S. Section Coordinator
7600 Sand Point Way N.E.
Building 1, F/NWR2
Seattle, WA 98115
Phone: 206-526-4338
Fax: 206-526-6534

January 29, 2014

Ms. Sue Farlinger
Regional Director General
Fisheries and Oceans Canada
200 – 401 Burrard St.
Vancouver, B.C. V6E 1B5

Subject: Transmittal of U.S. Section Habitat Reports to Meet Reporting Requirements under Paragraph 2 of Attachment E. of the Agreement Between the Parties

Dear Vice-Chair Farlinger,

At the Pacific Salmon Commission's January 2014 Post-Season Meeting, the U.S. Section agreed to provide the Canadian Section with habitat reports to demonstrate how the U.S. Section proposes to address the habitat and restoration reporting requirements, as specified in paragraph 2 of Attachment E. The Canadian Section agreed to receive those reports.

On behalf, of U.S. Section Chair Bob Turner and the U.S. Commissioners, the U. S. Section Office would like to provide the following two reports to the Canadian Section at this time:

1. The State of Salmon in Watersheds 2012 Report produced by the Washington State Recreation and Conservation Office's Governor's Salmon Recovery Office. The Executive Summary and full report can be found at: <http://stateofsalmon.wa.gov/>; and
2. The 2012 State of our Watersheds Report produced by the Northwest Indian Fisheries Commission. A link to the full report and Executive Summary can be found in the top right corner of the following website: <http://nwifc.org/>.

The U.S. Section will be prepared to answer any questions at the 2014 Annual Meeting in Vancouver.

Best Regards,



Cheryl Ryder
U.S. Section National Correspondent

via email



Discussion Paper
Potential virtual meeting for October 2014

February 4, 2014

Background

At its January 2014 Post-Season Meeting, the Commission contemplated holding its October 2014 Fall Meeting virtually (e.g., via webinar) to save certain costs. Commissioners directed the Secretariat to prepare a discussion paper on the issue and provide this for the 29th Annual Meeting. This report responds to that assignment.

Logistics

The Secretariat is acquiring licenses to conduct online meetings for the Commission family. These licenses, from Citrix Systems, will permit remote participation in online meetings (webinars) for any user with a typical high-speed internet connection (e.g., DSL or cable connections suffice). Basic webinars with free software were used successfully in 2013 with Fraser River Technical Committee meetings, and the Secretariat will use its new licenses in the 2014 fishing season to offer more functionality for those events. This experience should position the Secretariat well for additional webinar use by the fall of 2014.

In the webinar environment, participants would use their own computers (or a shared computer in a meeting room) and login information to access the event at a designated start time. The public could log in as directed. Participants would communicate verbally through toll-free telephone access or a computer microphone, and can send instant written messages from their computer to participants of their choosing. All participants would see the same screen of information simultaneously, and the chairman would control who can share the contents of their screen at any given time (e.g., if a Technical Committee co-chair wished to display a report on their computer to the participants).

In addition, each national section could have their own separate virtual “room” to caucus in when bilateral discussions were suspended and logged out. Each section would have their own login information for their unique virtual space and could start conversations and information sharing as above. When bilateral discussions were to resume, users would log out of their caucus and log back in to the bilateral webinar.

If the Canadian section desired, it could convene in the Secretariat’s boardroom for a webinar and caucus in person as needed. The Secretariat staff would be present only during bilateral discussions. Similarly, portions of the U.S. Section could convene at two or more convenient meeting spaces and log in to the webinar from there (e.g., Alaska, Washington, and Oregon venues).

As of now, the Secretariat does not have video conferencing capability (allowing delegates to see each other online). That functionality could be added as budgets allow, and as the Commission desires.

Meeting process

The Commission Chair would retain control of the meeting, allowing participants to share their computer screens or speak. Delegates would signify their intent to speak by clicking on an icon that flags them for the chair, or sending an instant message to the chair. This helps ensure that all those who wish to speak are queued up for the Chair's attention, similar to raising one's hand in person.

In the Secretariat's opinion, the Fall Meeting agenda could be well-suited to the webinar format. It usually involves non-controversial items that require Commission review and/or approval (i.e., updates on works in progress, work plan approval, etc.). The documents presented would be shared in the same way instantly to all participants, offering some advantages over in-person meetings where delegates may be looking at different versions of documents or missing them altogether.

Training and support

Citrix Systems, the webinar software vendor, offers training for webinar participants ahead of events and technical support throughout. If desired, the Secretariat could arrange for training for interested Commissioners ahead of the 2014 Fall Meeting to familiarize them with functions and capabilities.

**Pacific Salmon Commission
Test Fishery Program**

The U.S. supports the continuation of the 2013 test fishing approach for 2014 with the following understanding:

- 1) Maintaining the distinction of categorizing the Test Fishery Program into 2 main categories:
 - i) Panel approved Fraser sockeye and pink test fisheries; and
 - ii) Other test fisheries.
- 2) Operating the Test Fishery Program with 3 revenue accounts:
 - i) Panel waters for Fraser sockeye and pink test fisheries;
 - ii) Non-panel waters for Fraser sockeye and pink test fisheries; and
 - iii) Other test fisheries.
- 3) Acknowledging that until the Test Fish Revolving Fund is fully functional, revenue shortfalls will be the responsibility of Pacific Salmon Commission for panel approved Fraser sockeye and pink test fisheries, and other test fisheries will be the responsibility of the Canadian Department of Fisheries and Oceans.



**Annual Report of the
Southern Boundary Restoration and Enhancement Fund and the
Northern Boundary and Transboundary Rivers Restoration and Enhancement Fund
for the year 2013.**

Introduction

In June of 1999, the United States and Canada reached a comprehensive new agreement (the "1999 Agreement") under the 1985 Pacific Salmon Treaty. Among other provisions, the 1999 Agreement established two bilateral funds: the Northern Boundary and Transboundary Rivers Restoration and Enhancement Fund (Northern Fund); and the Southern Boundary Restoration and Enhancement Fund (Southern Fund). The purpose of the two funds is to support activities in both countries that develop improved information for fishery resource management, rehabilitate and restore marine and freshwater habitat, and enhance wild stock production through low technology techniques. The United States agreed to capitalize the Northern and Southern Funds in the amounts of \$75 million U.S. and \$65 million U.S. respectively. Canada also contributed CAN \$500,000. The 1999 Agreement also established a Northern Fund Committee and a Southern Fund Committee, each comprised of three nationals from each country, to oversee investment of the Funds' assets and make decisions about expenditures on projects. Only the earnings from investments can be spent on projects.

Committee Members

Northern Fund Committee

Canada:

Mel Kotyk
Steve Gotch
Tom Protheroe

United States:

Doug Mecum
David Bedford
Bill Auger

Southern Fund Committee

Canada:

Andrew Thomson
Don Hall
Mike Griswold

United States:

Larry Peck
Larry Rutter/Peter Dygert
McCoy Oatman

Executive Summary

- Total contributed capital (nominal) was \$US 140,065,000 (the equivalent of \$CDN 209,796,000 using the exchange rate at the time the last installment was made). Actual fund asset value at December 31st, 2013 was \$US 210,272,000 or \$CDN 223,645,000.
- Although most regions continued to struggle with long term structural issues and slow growth, monetary easing by central banks resulted in strong equity returns across most global equity markets, with the exception of emerging markets.
- In 2013 the Southern Fund Committee supported a total of 18 projects for U.S. \$1.49 million.
- In 2013 the Northern Fund Committee supported a total of 35 projects for U.S. \$2.43 million.
- U.S. \$2 million was contributed to the Chinook Sentinel Stocks Program in 2013, U.S. \$1 million each from the two Committees for a total to date of \$9.44M US.
- Total Fund project expenditures to date are \$50.3M US, in support of 705 projects, as well as the Sentinel Stocks Program.
- Northern and Southern Fund Committee members met jointly twice in 2013. In addition, the Northern Fund Committee met three times in separate sessions and the Southern Fund Committee met twice in separate sessions.
- The Northern Fund Committee participated in a 5-day site visit tour of Northern Fund projects located in Northern BC in September 2013.
- The Southern Fund Committee undertook a 4-day tour of project sites on Vancouver Island, including the West Coast of Vancouver Island in September 2013.
- For Canada, Mr. Tom Protheroe replaced Mr. Ron Fowler on the Northern Fund Committee. For the U.S. Mr. Bill Auger replaced Mr. Jim Bacon and Mr. Peter Dygert took over from Mr. Larry Rutter.
- Fund staff provided administrative services for the Yukon River Panel's Restoration and Enhancement Fund for a third year in 2013.

Investment Review

Although most regions continued to struggle with long term structural issues and slow growth, unprecedented monetary easing by central banks resulted in strong returns across most global equity markets. Volatility continued to decline in both the Canadian and American stock markets. Stock market volatility is an indication of uncertainty in financial markets and markets were relatively calm despite continuing economic and political concerns throughout the U.S., Europe and China. For the year ending December 31, 2013 equity returns were uniformly strong with the exception of emerging markets. For the year the S&P500 Composite led the MSCI World index higher, with returns of 41.3% and 35.2%, respectively. The Consumer Discretionary and Health Care sectors were two of the top performing sectors globally. For the past twelve months currency impact was mostly positive with Canadian investors benefitting from investments in some countries such as the U.S. Rising yields in 2013 resulted in a 1.2% loss in the DEX Universe Bond index. Longer-dated bonds were the worst performing maturity group in the index, losing 6.2%. Of the major DEX Universe Bond index sub-groups, only corporate bonds (up 0.8%) and short-term bonds (up 1.7%) avoided losses during the year.

In the first quarter, equities (with the exception of emerging markets) continued to post strong returns. The Fund posted a return of 5.0% (U.S.\$), exceeding the Benchmark by 90 bps. Outperformance was attributed to strong security selection in Infrastructure, International and Global Equity. LSV and Brandes both outperformed.

In the second quarter, equities (with the exception of Canadian and emerging markets) continued to post strong returns. The S&P 500 Index had the highest return at 6.9%, followed by the MSCI World Index with a return of 4.5%, which Brandes outperformed thanks to strong security selections in IT and Financials. LSV trailed its benchmark slightly due to poor security selection in Industrials, Health Care and Consumer Discretionary. The return for the DEX Long Bond Index was -4.6%. The Total Fund returned 2.9% net of fees in the second quarter of 2013 and outperformed the benchmark by 48 basis points

International equities enjoyed a strong third quarter and indeed strong returns for the last nine months. Brandes posted very strong relative returns and outperformed its benchmark this quarter by 2.88% (U.S.\$), net of fees. LSV beat the MSCI EAFE Index return of 8.7% by 54 basis points. RARE was a negative influence on total fund performance. Invesco also underperformed.

Preliminary figures for the fourth quarter ending December 31, 2013, show global equities posting a 11.6% return on the strength of a broad-based rally in U.S. equities. The S&P500 Composite led all regional indices with a 14.2% return, with all sectors moving higher. Bonds suffered a 1.9% loss during the quarter, continuing a 2-year trend of negative returns for this CPI-pegged sector of the market.

Total contributed capital (nominal) was \$US 140,065,000 (the equivalent of \$CDN 209,796,000 using the exchange rate at the time the last installment was made). Actual fund asset value at December 31st, 2013 was \$US 210,272,000 or \$CDN 223,645,000.

Contributed capital and asset value of the individual Funds as of December 31st, 2013 stood as follows:

	Contributed Capital		Asset Value	
Northern:	\$US 75,000,000	\$CDN 112,388,000	\$US 115,397,000	\$CDN 122,736,000
Southern:	\$US 65,000,000	\$CDN 97,408,000	\$US 94,875,000	\$CDN 100,909,000

Note #1:

In 2003 a rescission of 0.65% applied to the FY 2003 appropriations reduced the final contribution to the Northern Fund by \$US162,500 and to the Southern Fund by \$US97,500. Thus the actual Contributed Capital is:

Northern:	\$US 74,837,500
Southern:	\$US 64,902,500

Note #2:

U.S. Dollar Exchange (noon) rate: per Royal Trust, December 31, 2013	1.0636	0.9402
U.S. Dollar Exchange (noon) rate: per Royal Trust, November 30, 2013	1.0599	0.94349
U.S. Dollar Exchange (noon) rate: per Royal Trust, December 31, 2012	0.9949	1.00513

2013 Project Funding

The Southern Fund Committee's spending policy is based on a value of the Fund calculated as an average of the Fund's value during the preceding 48 months. This has the effect of smoothing annual spending budgets relative to real time values which are prone to fluctuations especially in volatile market environments. The influence of 2008/9's economic crisis on the 4-year average lessens with every passing month and improving market conditions have helped to grow the Fund. Although the Fund is gaining ground financially, overall annual spending by the Fund Committee has also been influenced by a decision made in May 2012 to lower the maximum spending rate from 5.5% of the 4-year average to 4% as recommended by the Fund's investment consultant in the face of globally diminishing rates of investment returns following the 2008/09 financial crisis. The Committee funded 7 on-going multi-year projects in 2013; 8 new projects directly responsive to specific priorities identified by the Pacific Salmon Commission's Fraser River and Southern Panels; and, 3 out-of-cycle funding requests, one for Qualark hydroacoustics and two for the Salish Sea Program for overall total of \$1.49 million US.

In May 2012 the Northern Fund Committee was able to issue a general call for proposals for projects in 2013 that responded to the Fund's full range of goals and objectives. Following the review and selection process the Committee divided its use of available funding between support for 22 on-going multi-year projects funded by the Northern Fund in the year or years before 2013, and 13 new projects for a total of 35 new and on-going projects for a total of \$2.43 million U.S.

In the ten years between 2004 and 2013 the Northern Fund has granted U.S. \$25,792,281 to 333 projects. Similarly, between 2004 and 2013 the Southern Fund has granted U.S. \$24,514,898 to 372 projects. Total Fund project expenditures to date are U.S. \$50.3M, in support of 705 projects. In addition to this the Sentinel Stocks Program has been funded in the amount of U.S. \$9.44 million.

Joint Funding Initiatives

In 2008 the Northern and Southern Fund Committees approved motions to support the “Chinook Sentinel Stocks Program” with funds in the amount of \$1M US each, per year, for a period of 5 years beginning in 2009. This commitment was dependent upon Fund performance given that the guarantee of interest income on the Fund in any given year is not assured. In January 2009 the value of the Fund stood at \$127,130M US, some \$13M US below the contributed capital sum. Neither Northern nor Southern Fund was therefore able to support the SSP financially in 2009. Given the unexpected circumstances, the U.S. and Canadian governments stepped in and provided funds to support the Program in its first year. In 2010 the Northern and Southern Funds repaid the Canadian government for their 2009 contribution to the Program in the amount of Can \$500,000. The Funds also paid a first installment to the U.S. government in partial repayment for their 2009 contribution in the amount of \$492,500 US. A second similar installment was paid in 2011 to complete the repayment. Contributions were in the amounts of \$2M US in 2010, 2011, 2012 and 2013 bringing the total contribution to the Sentinel Stocks Program to date to \$9.44 M US.

At its October Executive Session, the Commission prioritized upgrading the Secretariat’s computing infrastructure to support the implementation of SharePoint. SharePoint is an information and document management solution that will support an array of PSC bodies and the Fund Committees (the “PSC Family”) with virtual workspace, data archives, document libraries, and other functions accessible online. The Commissions recommendations included specific guidance to Secretariat staff to approach the Fund Committees with an out-of-cycle funding proposal, since ordinary budgets cannot completely fund the project. In November the Fund Committees agreed to consider a proposal to fund the computer hardware and software infrastructure upgrades at the PSC Secretariat offices for a cost of \$64,320, half of this amount to be provided by each of the two Fund Committees. The Fund Committees unanimously approved this proposal in December 2013. Implementation by Secretariat IT staff began at once.

Joint Fund Committee Meetings

The Northern and Southern Fund Committees have agreed that given the congruent nature of their agendas and their decision to combine the funds into a single master account for investment management purposes, and the efficiencies involved with respect to interaction with the fund managers, it was appropriate to meet together as a Joint Fund Committee at least once a year for an annual financial review and investment manager interviews. The Joint Fund Committee met in person twice, on April 23rd and on November 13th and 14th, 2013.

At the April meeting the Fund Committees received the first Quarter report from Mr. Chris Kautzky of Aon Hewitt. Mr. Kautzky also provided a review of market volatility and the effect on the Fund’s master trust of the hiring of two new managers in real estate and infrastructure. Mr. Kautzky gave a brief presentation on value-management investment style and the value manager universe for the benefit of new Committee members. He also provided a brief historical record of the master trust investment strategy history and milestones. Mr. Kautzky’s final task was to describe investment manager performance evaluation techniques.

The next agenda item was a presentation and question and answer period with Dr. Laura Richards from DFO and Canadian co-chair of the PSC's Committee on Scientific Cooperation. Under discussion was progress by the CSC towards a final version of their out-of-cycle funding request. The Fund Committees agreed to prepare a letter outlining their concerns to be sent to the CSC co-chairs.

A discussion on Fund accounting procedures with respect to Administration costs followed. A contract with auditing firm KPMG was considered, but the Committee decided to accept a staff proposal to bolster internal controls with a review in November.

The future of the Sentinel Stocks Program was briefly discussed, but Committee members decided that a more meaningful discussion could take place following the Commission's Executive session in October 2013.

At the November meeting, Mr. Chris Kautzky of Aon Hewitt presented the Third Quarter report for 2013. He described global market conditions for the year to date and went into some detail on the performance of each of the Fund's investment managers ahead of the in-person interviews that would follow in the agenda.

The Committee then heard in-person presentations, first from the co-founder of the Fund's new infrastructure manager RARE. The next to report was Invesco, the Fund's real estate portfolio manager. The Committee were satisfied with these managers reports. The third manager to report was Brandes and a lengthy discussion followed. Mr. Kautzky assured the Committee that Brandes still warranted a hold rating with his firm and that their performance had improved considerably over the last 4 quarters. The Committee debated their strategy with respect to Brandes at some length. The last manager to report was LSV whose performance had been only modest for the year, but who still hold a buy rating with Aon. The outcome was a motion to maintain the manager status quo for the present and review the investment strategy with Mr. Kautzky at the Spring 2014 joint Fund Committee meeting.

On the second day of the meeting the Committee and Mr. Kautzky discussed a variety of issues with respect to manager performance; performance measurement; the format and content of quarterly reports; and, changes to the structure of the in-person manager presentations

The next agenda item involved a discussion in general terms on the past practices and forward looking policies of each of the Funds regarding funding projects that meet core management responsibilities created by the PST.

The Fund Committees reviewed their audited financial statements and discussed administration costs and financial controls with PSC Secretariat Controller Ms. Ilinca Manisali. Mr. John Field also discussed Secretariat computer infrastructure upgrades. The Fund Committees agreed to consider a proposal from Mr. Field for the Funds to financially support implementing specific server hardware upgrades.

The Fund Committees next heard a presentation from Mr. John Clark on the status of the Sentinel Stocks Program. The potential need for further financial support for the Program beyond

its 5-year term was discussed. The Committee recognized that the Commission will discuss the issue in February 2014.

In the last agenda item for the meeting Southern Fund Committee members described their commitment to the Salish Sea Marine Survival program for the benefit of their Northern Fund counterparts.

Northern Fund Committee Meetings

The Northern Fund Committee met three times during 2013.

February 21st, 2013

- Spending policy review.
- Final selection of projects for funding in 2013.

April 24th, 2013

- Potential for a Call for Proposals for 2014.
- Fund financial obligations in 2014.
- Northern and Transboundary Panel input.
- Timetable.

September 19th through 25th, 2013

- Site visit tour of project sites in Northern BC including Terrace, the Nass Valley, Stewart and Hyder, AK, Hazelton, Kitwanga, the Skeena Valley and Prince Rupert.
- First round selection of project concepts to be invited to proceed to stage two. Meeting held in Vancouver, BC.

Southern Fund Committee Meetings

The Southern Fund Committee met twice during 2013.

April 23rd, 2013

- Potential for a Call for Proposals for 2014.
- Fund financial obligations in 2014.
- Southern and Fraser River Panel input.
- Strategic Plan.
- Timetable.
- Out-of-cycle funding requests.

September 26th, 2013.

- Site visit tour of project sites on Vancouver Island including the Cowichan River and estuary, Campbell River, Gold River, the Burman River and Nanaimo.
- First round selection of project concepts to be invited to proceed to stage two. This meeting was held in Gold River on Vancouver Island.

2013 Call for Proposals for projects in 2014/15

Both Fund Committees issued Calls for Proposals in mid-2013 for projects starting in 2014.

In April 2013 the Northern Fund Committee determined that up to \$2.2M US might be available in 2014 to fund new projects in addition to 24 prospective on-going projects requiring some \$1.68M US in funding. The Committee received a total of 69 proposals for new projects requesting \$6.2M US. At the first round review meeting in September, 39 of the new proposals were selected to move to the second round detailed proposal stage along with the on-going projects. Bilateral technical reviews of the detailed proposals took place in January 2014 and a final decision on 2014 funding will be made at a meeting of the Fund Committee in late January 2014.

In April, 2013 the Southern Fund Committee anticipated granting \$0.44 million to fund six on-going multi-year project commitments, leaving approximately \$1.69 million for new projects in 2014. Once again in 2013, the Committee focused its Call for Proposals to elicit proposals directly responsive to specific priorities identified by the Pacific Salmon Commission's Fraser River and Southern Panels. The Southern Fund received 61 new project concepts requesting \$4.95 million US. During the first round review process in September the Southern Fund Committee short-listed 37 proposals to move to the second stage. A meeting of a four person bilateral technical review team took place in December, 2013. The final decisions on 2014 funding will be made at a meeting of the Fund Committee in mid-February 2014.

Committee Appointments

Mr. Tom Protheroe was appointed by Canada to the Northern Fund Committee, replacing Mr. Ron Fowler. Mr. Bill Auger was appointed by the United States to the Northern Fund Committee, replacing Mr. Jim Bacon. Also for the United States, Mr. Peter Dygert took the place of Mr. Larry Rutter starting in October.

Yukon River Panel Restoration and Enhancement Fund

In March 2011 PSC Fund staff took over responsibility for the administration of the Yukon River Panel's Restoration and Enhancement Fund (R&E Fund). 2013 was the third year in which PSC Secretariat Fund staff administered the R&E Fund. A total of 29 projects were awarded grants, being funded to a total amount of \$1.228M US. Of these, 23 were on-going multi-year projects and 6 were new.

At the December 2013 meeting of the Yukon River Panel in Whitehorse, the Panel approved an application by PSC Fund staff to continue to administer the R&E Fund. A second three year term was approved.



Report of the Standing Committee on Finance and Administration
February 13, 2014

The Standing Committee on Finance and Administration met on several occasions in December 2013 and the 2014 Post-Season and Annual Meetings. The Committee addressed a number of issues and made recommendations for the Commission's consideration as noted below.

Budget proposal for FY2014/2015 and forecast for FY2015/2016

The Committee discussed the financial challenges facing the Commission and the Secretariat over the coming years. The Secretariat has worked with the Committee to constrain expenditures and find efficiencies in operations to yield a surplus in the coming fiscal year and a forecast balanced budget in FY2015/2016.

Accordingly, the Committee recommends that the Commission adopt the proposed budget for FY2014/2015 as shown in Table 1. The forecast budget for FY2015/2016 in Table 1 requires no action from the Commission at this time, and is provided for information purposes. The Committee highlights the following aspects of the FY2014/2015 proposal:

1. **DIDSON lease costs:** The Secretariat currently owns three DIDSON units that are deployed at the Mission hydroacoustic site. In an effort to improve the precision of sockeye passage estimates during the 2014 Adams return, the Secretariat plans to deploy a fourth DIDSON at the site and sample a greater portion of the river. A fifth unit will be needed as a backup. Given the ongoing Fraser River Strategic Review and the development of new ARIS hydroacoustic technology, the Secretariat will lease (rather than purchase) two extra DIDSON units for the 2014 season. Costs will be covered in the ordinary budget, but searches will continue for loaned equipment to reduce expenses.
2. **Transfer of selected expenses:** The FY2014/2015 proposal and FY2015/2016 forecast are predicated on two assumptions: 1) certain Secretariat proposals to the Southern Fund Committee for 2014 will be successful and liberate \$22,500 from the ordinary budget; and 2) more than \$20,000 in test fishing sampling costs will be transferred from the ordinary budget to the test fishing budget and covered by the sale of harvested fish in each of the two fiscal years (see below).
3. **Pension liability:** Preliminary actuarial estimates indicate that the Commission pension plan's unfunded liability will increase by \$48,000 - \$156,000 per year beginning January 1, 2015. The actual liability will be determined in April 2014, and must be paid from Commission funds in 2015. While specific payments won't be known until April, the Secretariat has cash reserves on hand to pay the expected liability in the last three months of FY2014/2015 (January – March 2015) and all or nearly all of the FY2015/2016 liability. See below for information on the pension liability after 2016.

Test fisheries

The Committee endorsed the Canadian proposal to repeat the Secretariat's administration of various test fisheries for an additional year in 2014 under the same conditions as 2013 and noting that non-Fraser Panel approved test fisheries will not affect Panel-approved test fisheries. After the fishing season concludes, the Secretariat will consult with Canadian personnel and prepare an evaluation of the 2014 operations. This Committee will review this report in December 2014, and by February 2015 identify long-term test fishing policy issues for the Commission to address.

As noted above, the budget proposal and forecast assume the following costs will be transferred from the ordinary budget to the test fishing program and its revenues since these costs are directly related to test fishing operations:

- 2014: \$10,842 in temporary salary costs for test fishing samplers, and \$14,655 freight costs related to transportation and delivery of samples (total \$25,497)
- 2015: \$9,620 temporary salary costs; \$13,429 freight (total \$23,049, pending a final test fishing plan for 2015)

Ongoing pension liability

The Committee notes that the Commission could incur an additional pension liability of \$48,000 - \$156,000 per year, at least from 2015 to 2018 (when the next valuation determines new liability payments). Canada has stated that it does not expect contributions to increase and understands the costs of these liabilities for current staff are considered within national contributions. The United States has expressed concern over this position, and the Committee draws the Commission's attention to this significant funding issue that will affect budget forecasts in the next meeting cycle and potential operational capacity.

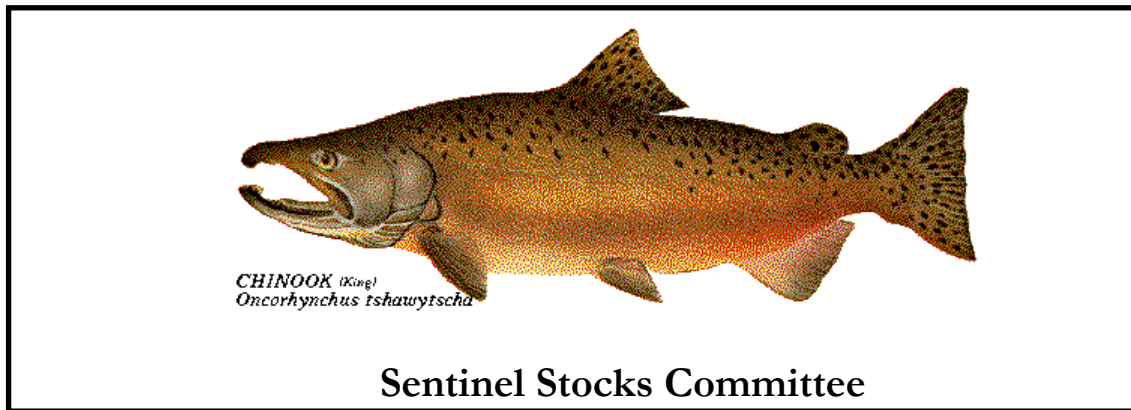
TABLE I

PACIFIC SALMON COMMISSION

	Forecast Financial Results 2013/2014	Proposed Budget 2014/2015 as presented February 13, 2014	Forecast Budget 2015/2016 as presented February 13, 2014	NOTES
1 INCOME				
A. Contribution from Canada	1,879,636	1,879,636	1,879,636	
B. Contribution from U.S.	1,879,636	1,879,636	1,879,636	
Sub total	3,759,272	3,759,272	3,759,272	
C. Carry-over from previous fiscal year	532,989	372,640	147,121	(1)
D. Interest	29,500	22,000	20,008	
E. Other income	186,400	189,400	166,900	(2)
F. Total Income	4,508,161	4,343,312	4,093,301	
2 EXPENDITURES				
A. 1. Permanent Salaries and Benefits	2,698,879	2,759,593	2,805,949	
2. Temporary Salaries and Benefits	266,790	271,715	249,622	
3. Total Salaries and Benefits	2,965,669	3,031,308	3,055,571	
B. Travel	116,004	110,928	89,459	
C. Rents, Communications, Utilities	132,174	114,615	109,944	
D. Printing and Publications	11,776	9,000	9,000	
E. Contractual Services	671,948	697,667	689,196	
F. Supplies and Materials	51,466	53,638	40,882	
G. Equipment	186,484	179,035	99,248	
H. Total Expenditures	4,135,521	4,196,191	4,093,301	
3 BALANCE (DEFICIT)	372,640	147,121	0	

Notes

- For presentation purposes, this is shown as an income source. It is in fact the Unrestricted Fund Balance in the General Fund, as at March 31, 2013, as per annual financial statements (pg 1, Statement of Financial Position)
- This assumes the SEF grant application put forward by Sockeye Biologist in fiscal year 2014/15 is successful. The grant revenue of \$22,500 will offset some of the DNA analysis costs.



TO: PSC Commissioners
FROM: Sentinel Stocks Committee
DATE: January 29, 2014
SUBJECT: Sentinel Stocks Projects for 2014

The Sentinel Stocks Committee (SSC) met in Vancouver January 28-29, 2014 to review and recommend projects for funding under the Sentinel Stocks Program (SSP) in 2014. Proposals for 10 projects were reviewed, 7 of which were for projects funded last year. All of the proposed projects were technically sound and cost-effective; however, to remain within budget, the SSC recommends to the Commission that only 9 of these projects be funded this year. Proponents will be contacted concerning changes in project budgets or additional analyses required by the SSC, if any, before the annual meeting of the Commission in February. Cost of funding all recommended projects with changes (Table 1) is \$1071.5k \$US (600.3 \$Can and 531.2k \$US). Given an estimate from the PSC office that 1098.7k \$US has been held over from previous years of the SSP, monies are sufficient to fund all recommended projects given the exchange rate specified in the table.

The one project not included in the funding recommendations concerns estimating spawning abundance of spring and fall runs to the Nooksack River by the Washington Department of Fish and Wildlife. The project proposes to estimate abundance for 2013 using genetic mark-recapture methods on data collected in 2013, and to estimate abundance for 2008 – 2012 in a retrospective analysis of samples collected in past years. The SSC found this project to have great merit, to be cost-effective, and to be technically sound. However, the SSC had to remain within budget, and the committee felt that this project had the highest probability of being funded outside of the SSP. For this reason, the SSC recommends that any monies that remain after funding the 2014 program be spent on the retrospective analysis for the Nooksack stock described above.

Table 1.—Recommended projects and funding levels for the Sentinel Stocks Program in 2014.

Stock Group	Stock	Abbreviated Title	2014 Funding (\$1000s)
WCVI (New)	Conuma	Conuma River Escapement Estimation	139.7
Fraser	S. Thompson	Abundance Estimate South Thompson Aggregate	136.5
Fraser	Chilko	Chilko River Chinook Salmon Mark-Recapture	173.4
NBC	Nass	Nass River Escapement Estimate Improvement	115.0
NBC	Skeena	Escapement Estimation Skeena River thru GSI	35.8
Total Costs of Canadian Projects in \$Can →			600.3
WCVI/Oregon Coast		Abundance Estimates for Terminal Runs WCVI/NOC Aggregates	34.2
Oregon (New)	Siuslaw	Siuslaw Escapement Indicator Stock Enumeration	194.0
Puget Sound	Snohomish	Escapement Estimation w/Genetic Mark-Recapture	235.3
Puget Sound	Stillaguamish	Escapement Estimation w/ Genetic Mark-Recapture	67.7
Total Costs of U.S. Projects in \$US →			531.2
0.90 \$US = 1 \$Can		Total Costs of ALL Projects in \$US →	1071.5

Proposals were evaluated as per the approach outlined in the directive from the Commission to the SSC entitled *Implementation Approach for the Chinook Sentinel Stocks Program, October, 2008* and the *Sentinel Stocks Program Second Stage Proposal Evaluation, February, 2009*. Recommended proposals represent stocks in all five regions specified in the directive (North Oregon Coast, Puget Sound, Fraser River, West Coast of Vancouver Island, and Northern British Columbia). The sentinel stocks recommended for study in 2014 conform to the criteria given in the latter reference above. These stocks are of significant importance to the management of fisheries for Chinook salmon under the Pacific Salmon Treaty. These stocks are either large in their own right, or represent many stocks over a wide area. Proposed methods were judged to be cost-effective and will likely result in estimates of abundance that meet bilateral standards for accuracy and precision. Projects were recommended by consensus.

The SSC proposes to meet in Seattle during the week of December 1, 2014 to review progress in projects funded for 2014 and to begin writing a synthesis report on the six years of the Sentinel Stocks Program. We anticipate a meeting in 2015 to work on this synthesis report. The SSC proposes that the final report be delivered to the Commission at its annual meeting in 2016 to allow all funded projects to report their findings. We anticipate that all such project reporting would be completed during the previous summer of 2015.