

CHALLENGES IN THE REALLOCATION OF SLOPE ROCKFISH QUOTA SHARES

At its April 2015 meeting, the Council adopted allocation formula alternatives for analysis which would reallocate southern Slope Rockfish quota shares (QS), splitting it between blackgill and southern Slope Rockfish QS categories. The QS allocation alternatives adopted in April included the one based on using the original Amendment 20 allocation formula which allocated to the current owner of a limited entry permit based on the 1994-2003 allocation period landings associated with the permit and another recommended by the GAP, which is based on more recent (2003-2014) landings associated with the permit. The reallocation alternatives adopted by the Council in April also vary from one another with respect to the amount of the QS allocated equally among permits from catch histories of permits retired in the permit buyback program. However, the basis of these alternatives, other than status quo, may be problematic due to the trading of limited entry permits and southern Slope Rockfish QS that has occurred since the inception of the trawl rationalization program.

At the start of the program, QS accounts were established for limited entry permit owners and QS for southern Slope Rockfish was allocated to those accounts based on permit history. Limited entry permit history is no longer relevant with respect to the history of current QS owners, because limited entry permits have been traded since the time QS was issued (as of April 15, 2015, 13 permits have changed ownership since the start of the trawl rationalization program). For this reason, under widow QS reallocation the Council utilized the history associated with the QS account rather than the permit. The QS account history was considered to be that of the permit that originally generated the QS account. Something similar could be specified for the reallocation of southern Slope Rockfish. However, southern Slope Rockfish QS has started trading and it is not possible to relate 1994-2003 history to the current holders of southern Slope Rockfish QS (6.9 percent of the southern Slope Rockfish QS had traded hands as of the start of 2015, compared to the original 2011 distribution¹). For widow QS reallocation, a widow QS trading moratorium made it possible to establish links between 1994-2003 histories and the current owners of the widow QS. No such moratorium was established for southern Slope Rockfish.

Another approach might be to reallocate the QS based on more recent history of those who hold QS accounts. However, this approach is also problematic because it is not possible to consistently link landings to QS accounts either by tracing through the quota pounds (QP) or tracing through the ownership linkages between the vessel, limited entry permit, and QS accounts. As of the start of 2015, there were 21 entities that owned a limited entry permit or a vessel but did not own QS

¹ 2.3 percent was transferred pursuant to court orders, prior to the start of trading in 2014.

and 16 entities that owned QS but could not be linked to the ownership of a vessel or permit. A more detailed description of the situation is provided starting on page 2.

A viable approach would be to split the existing QS such that, for example, a person with one percent of the southern Slope Rockfish QS before the split would have one percent of the southern Slope Rockfish QS and one percent of the blackgill rockfish QS after the split. This is the approach that Amendment 20 specified for handling the division of a QS stock or stock complex. No action would be required to implement this approach.

It appears that the only other way to reallocate QS based on history or current landings might be to revoke the QS from the current QS holders and redistribute it to a different group to which landings can be associated (e.g., vessel owners or current limited entry permit owners). Some overlap between these groups and the current owners of QS would be expected. If the Council decided it wanted to consider this approach, it should evaluate the quality of the data available. Information on these data is provided starting on page 4. If alternatives to the Amendment 20 approach are pursued (described in the previous paragraph) the purpose and need statement should be adjusted to explain why alternatives are being considered.

Challenges in the Attribution of Recent Landing History to Current QS Owner

Figure 1 illustrates the challenges in associating landing history with current QS account owners. Bold arrows show where direct links can be established at the time of landing. Starting at the bottom is a recent landing ticket which is directly linked to the vessel making the landing and through that vessel can be indirectly linked to a QP account (and QPs in the account), a vessel owner, a limited entry permit, and the owner of that limited entry permit. In most cases, a single entity may own the vessel, limited entry permit, and QS account, however, as illustrated by the figure, each of these assets may also be held by different individuals such that they are not necessarily linked through ownership. This prevents consistent tracking of a landing back to the QS account owner through the vessel or permit ownership. Additionally, QP cannot necessarily be tracked back to a QS account because the QP may have been generated from a number of different QS accounts (as indicated by the multiple QS accounts at the top of the figure), or even the QP accounts of other vessels. Finally, permit history from 1994-2003 (or any period) cannot be consistently tracked back to the current owners of the QS generated by that permit at the start of the program because QS trading has started. Such tracking was possible for widow QS because of the trading moratorium.

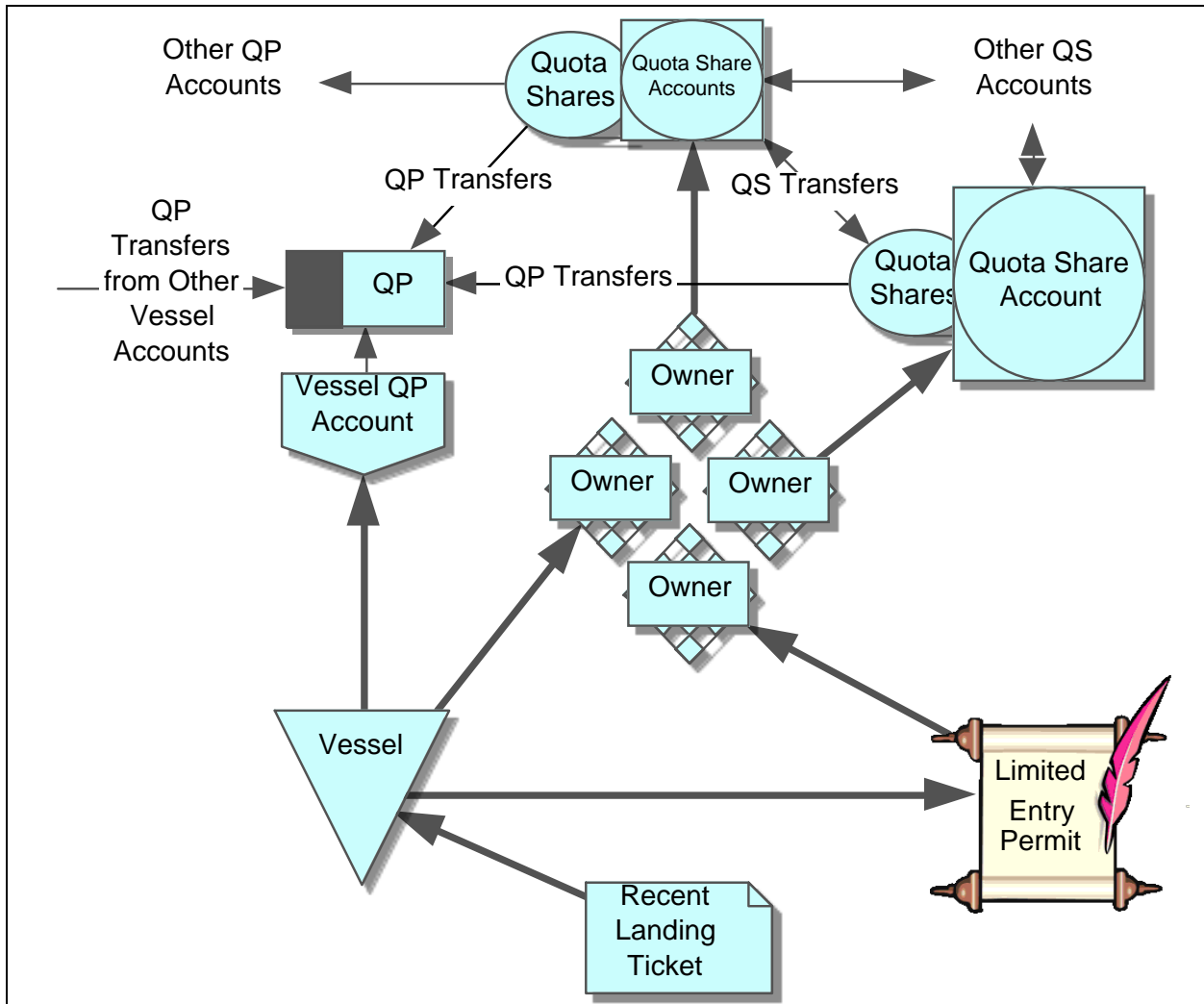


Figure 1. Relations between landings, vessels, permits, quota accounts, and ownership (bold lines indicate direct relationships).

Data Quality for Reallocation

If the purpose of the reallocation of southern Slope Rockfish is to provide more allocation to those who have caught blackgill then information on the degree to which actual blackgill landings is reported on the fish tickets should be taken into account. Landings are not generally sorted below the levels required to monitor the stocks and stock complexes to which management regulations apply, unless more detailed specific sorting requirements are imposed. Port sampling is used to generate species-level estimates of landings. Average catch composition from port samplers is applied to species groups. So for example, the implied composition of the Slope Rockfish complex catch may be based on fleet averages for a particular month and area rather than an individual vessel's catch. Sorting of blackgill has varied over time and intensified in more recent years as a result of a sorting requirement imposed to facilitate stock assessments. Table 1 shows that in most years less than half the blackgill landings are reported as such on fish tickets. That amount increased in 2013 with the imposition of a blackgill sorting requirement. Table 1 also shows that in most years the total value of blackgill for the entire fleet is less than \$120,000.

Table 1. Amount of blackgill identified as such on fish tickets and the amount inferred based on species composition information from port samplers and total pounds and ex-vessel revenue of blackgill (1994-2003 and 2011-2014).

Year	Reported as Blackgill on the Fish Ticket	Identified as Blackgill Based on Catch Composition from Port Samplers	Total Blackgill (pounds)	Ex-vessel Revenue (dollars)
1994	4.6%	95.4%	254,436	109,471
1995	9.7%	90.3%	315,393	129,493
1996	8.1%	91.9%	348,824	144,289
1997	39.9%	60.1%	312,771	111,871
1998	43.1%	56.9%	263,141	112,313
1999	34.7%	65.3%	77,443	35,973
2000	24.8%	75.2%	125,775	60,767
2001	44.1%	55.9%	209,074	109,221
2002	29.0%	71.0%	140,122	74,024
2003	74.9%	25.1%	127,543	72,176
2011	3.9%	96.1%	38,027	23,425
2012	21.2%	78.8%	172,156	117,883
2013	85.3%	14.7%	101,174	68,875
2014	80.9%	19.1%	68,735	48,742