

COMMUNITY ADVISORY BOARD REPORT ON
FIVE-YEAR CATCH SHARE REVIEW AND INTERSECTOR ALLOCATION REVIEW
PLANS AND FISHERY MANAGEMENT PLAN UPDATE

The Community Advisory Board (CAB) met November 2 and 3, 2016 in Seattle, Washington. In order to optimize the advice it provides the Council, the CAB requests that the Council authorize an additional meeting for the CAB after the draft review is available and before the June 2017 Council meeting. This would allow the CAB to offer comments on the draft review before the Council finalizes it for general public comment and refine its recommendations on topics for follow-on actions using information from the draft review.

CAB Comments on the Intersector Allocation Review

While Agenda Item F.6 covers a number of different issues, the CAB charge covers only providing advice on the blueprint for the five-year review of the catch share program. The CAB requests that Council clarify that the CAB's charge includes the five-year intersector allocation review. Intersector allocations are a key part of catch share program performance. While the composition of the CAB is not fully appropriate for addressing trawl/nontrawl allocation issues, in that there are no representatives of any non-trawl groundfish sectors on the committee, there are within trawl allocation issues that it could address, and the CAB would like to provide its perspective to help inform the trawl/nontrawl intersector allocation review discussions.

The CAB thinks consideration of intersector allocations is necessary to address several areas of concern. The Council has heard from all three whiting sectors that the current allocations of constraining rockfish species are a significant problem and addressing this issue will require consideration of Amendment 21 allocations. There are also trawl/nontrawl issues on which the CAB could help inform the Council process. For example, one area of concern is that Pacific halibut may increasingly become a limiting factor in the trawl fishery as other strategies start to develop with changes in the gear rules and with the rebuilding of canary. Additionally, the CAB would like to express its views on policies and analyses related to a possible re-evaluation of the minimum five percent allocation to non-trawl sectors and accommodation of the needs of the non-trawl sectors through set-aside mechanisms, as described in Agenda Item F.6, Attachment 2. Finally, the CAB would like to see an evaluation of the shift of allocations between sectors that has occurred as species have rebuilt and come out of overfished status.

Presentation from the Economic Data Collection Program (EDC)

The CAB appreciates the half day presentation it received from the EDC team (Dr. Lisa Pfeiffer, Ms. Marie Guldin, Mr. Jerry Leonard, and Ms. Erin Steiner) on their data collection and summarization methods and offers the following comments and recommendations.

Processor Counts

EDC reports indicate that there are 16 processors, giving the impression that vessels have a number of buyers that they can sell to. However, from a vessel perspective, when cross-ownership, location, and the particular species that a vessel wants to deliver are taken into account, there may

only be three or four processors that any given vessel might sell to. An acknowledgement of this constraint and its potential consequences should be added to the reports and summaries.

Whiting Fishery

Shoreside and mothership whiting vessels face different circumstances and should be split into separate categories in summaries of program impacts.

The estimates of whiting net revenue should be displayed as net revenue per metric ton in order to normalize results and take into account large changes in the whiting total allowable catch (TAC).

Home Ports

Vessel-based geographic data should be reported by port of landing rather than home port. Port of landing may be more reflective of where the fishery benefits accrue, and relations to delivery ports tend to be relatively stable because vessels routinely fish on the same grounds and vessel-processor relations tend to be stable.

Non-Participant Quota Owners

The EDC Report that was provided to the CAB included a category identified as “Nonparticipants” for which the operating costs were reported as zero. Individuals and other entities have been placed in this category because they own and sell quota but don’t own vessels or first receivers. However, they may be actively involved in the fishery in other ways (e.g. non-owner vessel operators). The CAB recommended to the EDC that they change the characterization of “non-participants” that have quota shares (QS). Additionally, for those in this category, revenues from selling quota share were displayed but costs were identified as zero. Some of these individuals are known to have purchased QS and therefore the costs of their purchases and managing their quota should be taken into account.

Future EDC Data Collection

The CAB recommends that alternative ways of allocating costs among sectors be considered to help reduce the need for data collection on other West Coast and Alaska fisheries. One of the main reasons that data on other fisheries are required is to determine the amount of certain expenditures that should be counted against a vessels groundfish trawl activity (e.g. capital investments). It may be possible for respondents to allocate these expenditure themselves rather than submitting the data necessary for the EDC Program to complete this task. The CAB makes this point because, from the perspective of the CAB and other industry participants, reporting data from activities outside the West Coast groundfish trawl program is not necessary to characterize and measure the performance of the catch shares program.

The CAB recommends that data submission by QS owners that are not currently required to submit EDC forms be required. The form would not necessarily need to be very extensive, but would help inform future catch share reviews, particularly with respect to providing a more complete picture of harvesting operations’ profits and indicating whether QS owners participate directly in the fishery and at what level.

Blueprint for the Analysis

The following are the CAB's comments and recommendations on the blueprint for the analysis.

General

The blueprint proposes using a number of different time frames for different parts of the analysis. To the degree possible, these time series should be standardized to facilitate comparison across different categories of impacts.

The CAB recommends that, in general, information for fixed gear vessels be separated out from information for trawl vessels. Shoreside trawl vessels using bottom gear face different circumstances than fixed gear operations and should be split into separate categories in summaries of program impacts.

The CAB notes that there are a number of sections of the analysis in which the impact of not having trailing actions completed should be taken into account (for example, sections on efficiency, specialization, and full utilization). Additionally, the Council essential-fish-habitat/rockfish/rockfish-conservation-area (EFH/RCA) policy influences program performance and hence the results of the review. Further, the re-assessment of EFH/RCA policy should take into account the influences of those policies on the performance of the trawl catch share program.

3.1 Economic Performance

Section 3.1.1 Changes in Net Economic Benefits. In the summary of collective net economic benefits (as distinct from the individual economic outcomes analyzed in Section 3.1.2), the point should be made that benefits do not accrue to all sectors and locations, and those sectors/locations should be specifically identified.

Reimbursements and support for observer costs and the development of electronic monitoring (EM) should be reflected in the assessment of collective economic benefits.

Risk pools and co-op fees should be taken into account in assessing net benefits as well as individual economic outcomes (Section 3.1.2(a)).

Section 3.1.2(c). Stability. Consider an analysis of a "typical" trawl vessel and compare what it caught and catches to what it was allocated under the trawl program.

Section 3.1.2(d)(6) Specialization. The analysis will be considering specialization in the West Coast fisheries. The scope of specialization should not be limited to the West Coast, but should also take into account vessels' specialization in Alaskan fisheries.

3.1.2(d)(7) Gear-switching Provision. When analyzing the value of sablefish for the trawl sector as compared to the fixed gear sector, the value of other species landed should be included for both sectors.

3.1.2(d)(8). Carryover Provisions. Look at the degree to which vessels might be leasing quota pounds (QP) at the end of the year to maximize their surplus QP carryover.

3.1.3(a) Utilization. Analysts should explore the role of processor-imposed market limits on full utilization of groundfish quota. Consider changing conditions in international markets, such as Russia’s closure of markets for whiting, and subsidized products competing with U.S. products for other species.

For a better description of the reasons for underharvest in the whiting fishery, look at the descriptions provided in Appendix B to the most recent groundfish specifications document (June 2016). Analysts should also look at the public comment from recent Council meetings about the issue of constraints imposed on the at-sea whiting fishery because of the current bycatch allocations.

Mothership processor availability may also impact whiting utilization. Part of the limited availability may be due to companies that own limited entry mothership permits determining that it is not profitable for their vessels to travel to the fishing grounds. In turn, profitability is affected by bycatch avoidance measures, which are impacted by the intersector allocations. The intersector bycatch allocations may be off because of overfished species rebuilding and because the allocation amounts do not follow fluctuations of the whiting total allowable catch. Profitability is influenced by bycatch avoidance, which increases congestion on the fishing grounds and increases operational costs. For example, trip length has increased. Before, the normal trip was 5 to 7 days, now, due to bycatch avoidance, it is 15 to 25 days.

The cap on the amount that a mothership can process may also prevent whiting harvest when the only motherships available are close to or at their limits.

With respect to the underutilization of shorebased whiting, consider the impact of the changing distribution of the stock and the fact that shorebased processing capacity cannot move.

The analysis should look at

- species other than dover and thornyheads that may be underutilized if there is limited availability of sablefish QP,
- the impact of processor limits on attainment of some target species, such as dover,
- the impact of annual vessel caps on utilization and profitability, and
- the impact of latent permits and latent QS on utilization rates.

As an example with respect to overfished species vessel caps, fishermen have to choose between harvesting one target over another—even though overfished species QP are readily available, the vessel caps prohibit holding enough overfished species to successfully harvest in multiple target strategies.

The discussion of some fish not being very marketable should be rephrased. All fish are marketable at the right prices, but markets may be depressed.

Some of the fixes for underutilization may not be regulatory but rather the development of increased cooperation within the industry. The analysis should address what it might take to get the fishery back to higher production levels, including the time lag in developing markets and training processing labor.

Provide a note on the utilization issue indicating that there are so many factors to consider that the analysis may not get them all.

3.1.3(b) Interdependencies with Other Fisheries. The increase in wealth represented by QS has been a significant factor and has been leveraged to expand fishery investment and/or diversify into other fisheries.

When evaluating the historic use of trawl gear south of 36° N Lat., look at years before the government buyback program and Nature Conservancy purchase of permits.

Evaluate the degree to which vessels benefit from lower costs during participation in other groundfish sectors (e.g. landings based vessel limits and no requirements for industry-funded observers) and the degree to which that benefit might provide them a relative advantage.

Evaluate the benefit that the trawl program has created for all fisheries, including trawl. For example, if management buffers have been reduced because of reduced uncertainty, those come before the ACL is determined and therefore benefit all sectors.

3.2 Communities Performance

Section 3.2.2 Fishing Communities. Table 3-2 in the blueprint shows a list of current and historic trawl communities. This table should also show communities by sector, before and since implementation of the catch share program.

Section 3.2.2(e) Changes in Community Vulnerability, Reliance, Involvement and Dependence. The CAB discussed the demographic information that is to be included in Section 3.2.2.(e) and questioned the relevance of some of it. It was also suggested that the number of retirees flowing into an area or people leaving the area due to job losses might be of interest, though the relation of this information to the catch share program was uncertain.

Section 3.2.2(f) Changes in Employment and Character of Jobs.¹ Changes in employment should be evaluated by more than just a head count or total full time equivalents (FTEs). For example, there is a difference between 10 people working 2 hours a week and 2 people working 10 hours a week.

Section 3.2.2(h)(1)(C) Cooperation—Community Fishing Associations (CFAs). Some sort of criteria should be used for identifying CFAs, other than just the name of an association. One possibility might be whether or not the association has developed a community sustainability plan.

Section 3.2.2(h)(1)(D) Direct Marketing, Gifting, and Personal Use. The issue of direct marketing, gifting, and personal use is of interest for some ports in particular. The analysis will be evaluating the impacts of the program on these catch dispositions by comparing fish tickets coded for personal use both before and after the program. CAB members may be providing suggestions to analysts on additional approaches for this evaluation.

¹ Council staff advised the CAB that “Character of Jobs” should be deleted from this section title.

Section 3.2.2(h)(2)(B) ~~Grounds—Pre-emption~~ Geographic Impacts. Retitle Section 3.2.2(h)(2)(B) from “Grounds Pre-emption” to “Geographic Impacts” so as not to pre-suppose character of the impacts.

Section 3.2.3(c) New Entry. Assess changes to limited entry trawl permit prices as part of the analysis of entry costs. An analysis might be conducted of the pre-catch share value of the limited entry permits compared to the post catch-share value of the limited entry permits and quota combined. This section also discusses the possibility that the loss of the small draggers may be making new entry more difficult, but the loss of this segment of the fleet may be more related to the absence of opportunities to fish on the shelf. Additionally, observer costs also hinder participation by smaller vessels that do not have the volume of fish necessary to cover observer costs.

New entry may also be facilitated by the ability to lease quota share, and this should be included as part of the evaluation.

The effects of liquidity of the QS market need to be explored both with respect to new entrants and those who might be wanting to exit the fishery.

Look at the potential for and degree to which individuals sell their vessel and gear and generate a stream of revenue by selling their QP (act as “absentee” QS owners).

Political Support. Add a section, or include in another section, indications of community political support for the catch share program and groundfish trawl fishery, for example: local government resolutions and the allocation of money.

Relation to Other Sectors. Add a section to look at the relationship between the groundfish industry, agriculture, and tourism. There is a study that has done this for Monterey.

3.3 Environmental Performance

Section 3.3.1 Catch Limits and OY. Discuss whether the reduction in uncertainties about trawl removals have allowed for lesser precautionary reductions in setting acceptable biological catches (ABCs) and annual catch limits (ACLs), and if this has not occurred, why not.

Section 3.3.2 Status of Stocks. Evaluate the degree to which trawl bycatch reduction has enhanced the rebuilding of overfished species.

Section 3.3.3 Incidental Catch/Bycatch. Look at how bycatch rates have shifted through time, by species, and by sector.

3.4 Program Management Performance

Section 3.4.1 Program Management Costs. The analysis should take into account management cost savings that have resulted from a reduction in the effort expended on inseason management and other management activities that are no longer necessary or lessened because of Amendment 20.

Section 3.4.2 Accounting and Accountability. Provide an analysis of the time it takes to finalize a landing and how that has changed across time.

Section 3.4.3 Enforcement and Monitoring. Try to identify the previous enforcement activities that have now been transferred over to co-ops. Any look at enforcement actions should be done taking into account differences in the size of the fleet.

The Council considered alternative means for compliance with overages that exceed the vessel accumulation limits but did not adopt them (lightning strike situations). This created a hole in the regulations which has made compliance more complicated. This should be addressed in the assessment.

Preliminary List for Follow-on Actions – No Regulatory Action Required

The CAB began working on a preliminary list of follow-on actions to report to the Council at its June 2017 meeting, however there are some actions that might be taken by National Marine Fisheries Service (NMFS) that do not require further rulemakings. Recommendations on these actions are provided here for Council and NMFS consideration.

Observer Data

There should be a policy that the first priority for any observer be finalization of the West Coast discard data before moving on to any other duties.

Consider some kind of a time limit by which observer data must be finalized.

There should be an industry seminar on the steps by which observer data is revised and finalized. It is not clear why this data cannot be transmitted immediately upon completion of a trip.

Quota Accounting

Send alerts to a Vessel Account owner/manager when new data is posted to the Vessel Account.

Provide a check box that would indicate when the data is final.

Logbooks

Create a new logbook form in which the categories displayed better match the current data reporting requirements.

PFMC

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