

*Section 4.0 – Research and Data Needs*

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**4.0 Research and Data Needs**

Economics/Communities

- A survey that includes quota holders who do not actively participate in the fishery.
- Add an ownership information data collection to the catcher-processor permit annual renewal application, equivalent to that currently collected for shoreside participants. This information will be critical if the Council elects to evaluate entity ownership of catcher-processor permits.
- Research on utilization rates, aggregation limits, and economies of scale/optimal size. The data and analysis presented in the draft report are insufficient to determine the effect of aggregation limits: simply put, we don't know how participants would behave if these limits were not in place. One potential option would be to update Lian, Singh and Wenniger 2009. It may be useful to include analysis of reasons for underutilization and data necessary to answer this question in future research and data needs identification.
- Research on whether observed cash prices for quota pounds accurately represent value. Are there other methods for determining value?
- Research on whether observed changes are due to changes in individual behavior or a change in the makeup of the population of participants. The catch share program or other factors may induce exit by participants with certain characteristics. This will alter the mean/median/distribution of indicators, even if the behavior of the remaining vessels hasn't changed. Further, how much exit is due to pre-existing trends versus the catch share program? This applies to many of the analyses in the draft document.

Environment

- Viability of discarded Pacific halibut on vessels with electronic monitoring is assessed by assuming a fixed mortality rate by gear type. It may be possible to refine viability estimates using observer data (Section 3.4.2(b)(6) Discards).

Program Management

- Additional data or cost allocation studies on program administration. It is currently unclear the extent to which cost recovery fees cover program costs. (Also included in Groundfish Management Team (GMT) June 2017 statement)

- An assessment of the cost-effectiveness of maintaining 100 percent observer coverage. This issue may become more important as fewer overfished species implies lower risk from having unobserved trips.
- Further research on changes in sablefish fisheries south of 36° N Latitude. The draft document attempts to address conflicts between the IFQ and non-IFQ fisheries for sablefish south of 36°, but it is not clear if the analysis here completely responds to comments submitted to the Council by stakeholders. The nature of any interactions between fisheries in this area may be economic or biological (or both), but this is unclear at this time. Further analysis on this issue should be explored because it is unclear what conclusions should be drawn from the existing analysis of sablefish landings in the Morro Bay area (e.g. Figures 3-52 and 3-53).

## **5.0 Council Recommendations**

### **5.1 Modify the current review schedule (currently once every four years).**

Amendment 20 called for a review of the catch share program once every four years, after the initial catch share review. Amendment 21 called for a review of intersector allocations at the same time as the initial catch share review but was silent on a schedule for any further reviews of intersector allocations. In June 2017, the GMT recommended that the catch share review schedule be changed to once every seven years. Since then, analysts have suggested a review once every six years, so that the review could be sequenced with the biennial specifications process.

From the [June 2017 GMT statement](#):

For all new Limited Access Privilege Programs (LAPP), the Magnuson-Stevens Fishery Conservation and Management Act (MSA) requires “a formal and detailed review 5 years after the implementation of the program and thereafter to coincide with scheduled Council review of the relevant fishery management plan (but no less frequently than once every 7 years)” (16 U.S.C. 1853a MSA § 303A(c)(G)). The GMT recommends that the Amendment 20 Appendix E review requirement be changed from four to seven years. NMFS Guidance specifies “the second review should be initiated before the end of the program’s 12th year, regardless of when the initial review was actually completed”, which means the Council should initiate the next review no later than 2022. Annual indicators will continue to be available to the Council to assess the program during the interim (e.g. annual reports and the FishEYE tool from the Economic Data Collection (EDC) Program, Groundfish Mortality reports from the Fisheries Observation Science Program). Several recent and upcoming changes to management of the fishery (e.g. alterations to Rockfish Conservation Areas and gear regulations, and the rebuilding of canary and darkblotched rockfish) may lead to significant effects that should be addressed in the next review; however, these effects will take longer than four years to observe in lagged data once changes are implemented in regulations.

Analyst’s note:

It may be useful to coordinate the review timing with the biennial specifications process. One approach would be to schedule next review to start in 2022 and occur every six years thereafter. Under this schedule, the review would be initiated toward the end of even numbered years such that it would be completed in the early fall of the following year, on

time to inform the the selection of management measures in relation to the biennial specifications process.

## **5.2 Implement a mandatory survey of quota share (QS) owners:**

Currently, QS owners that do not have a limited entry trawl permit registered to a vessel that they own or lease during the year or first receiver licenses are not required to submit economic data. A number of Council advisory bodies have identified the need for information from these QS owners, as reflected in the following excerpt from a [June 2017 GMT statement](#):

The GMT recommends the Council consider implementing a mandatory survey of quota share (QS) owners, a recommendation made in Agenda Item F.6.c, Supplemental CAB Report, November 2016:

The [Community Advisory Board] 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.

This additional data collection would improve the ability to better understand and compare absentee QS holders who lease out quota with those who actively fish. The current lack of information from QS holders makes it difficult to accurately estimate the financial performance of active vessels in the fleet.

This topic also arose in the SSC economics subcommittee meeting in November 2016, which stated the issue as follows:

...for evaluating financial performance of individual entities or for the fleet of active vessels, revenues and costs from quota transfers should be considered, since some of the revenue from quota transfers accrue to quota owners that do not operate vessels in the fishery and not accounting for this "leakage" will tend to overstate the net revenues accruing to the active harvesters in the fishery.

In addition to making it difficult to estimate the financial performance of active vessels, the lack of information from QS holders inhibits the ability to make accurate economic impact estimates for different port areas. When a portion of groundfish revenues is used to pay for

quota, the recipients of those payments will likely have a positive impact on the communities where they reside and spend their proceeds on goods and services. Given the current lack of information, it is unknown which communities are likely benefiting from quota payments. Secondly, results from the Pacific Coast Groundfish Social Survey presented in Agenda Item F.2.a, Catch Share Analysts Report section 3.2.2(g)(3)(b) indicates that a wide diversity of fishery participants express concern with absentee quota owners. The collection of information from QS holders would improve understanding of the role that absentee owners play in the fishery.

In its [June 2017 statement](#), the Groundfish Advisory Panel (GAP), on the other hand, has suggested not moving forward with this additional data collection at this time:

The GAP requests a modification to CAB recommendation #3 (implications of increasing lease costs). Instead of immediately implementing a new economic data collection (EDC) form to allow tracking of leasing by quota share accounts not linked to vessel accounts, the GAP recommends further analysis to identify whether this is in fact an area of interest. If it turns out to be an issue, a new EDC form could be developed to better quantify the problem and lay the groundwork for a potential solution. Next steps