

LIMITED ENTRY FIXED GEAR SABLEFISH PERMIT STACKING PROGRAM –  
INDICATORS FOR EVALUATING PROGRAM PERFORMANCE

This document contains the original objectives for the sablefish permit stacking program, as listed and discussed in Amendment 14 to the groundfish fishery management plan (FMP), and some possible indicators for use in evaluating performance against those objectives.

**Objective 1**

**Rationalize the fleet and promote efficiency.** Capacity reduction is one of the key elements of the strategic plan. The strategic plan generally approaches capacity reduction by reducing the number of fishing vessels. This reduction does not of itself imply the rationalization of the fleet or increased efficiency. It is possible that the most efficient fixed gear sablefish harvest could involve a greater number of vessels taking sablefish as bycatch in other fisheries. However, given the high degree of overcapitalization in the fishery, it is believed that a reduction in capacity will generally move the fishery toward greater efficiency, addressing National Standard 5 and FMP Objective 6.

Possible indicators:

1. Number of vessels in the fleet over time
2. Combinations of stacked permits and participation in trawl rationalization program (formatted as exemplified in Table 1).

Table 1. Number of vessels and allocations for various combinations of stacked permits, in 2012 [Key: white = 3 permits stacked, grey = 2 permits stacked, black = 1 permit (no permits stacked)].

Number of Permits Stacked, By Tier			Relative Total Allocation for the Permit Combination	Number of Vessels			Per Vessel Pounds Represented by This Combination of Tiers	Per Vessel Percent of Fleet Total Represented by This Combination of Tiers	Percent of Total Represented by All Vessels With This Combination of Tiers	Share of Trawl Quota Pounds Acquired by These Vessels
Tier 1	Tier 2	Tier 3		Vessels Stacking Only Longline Permits	Vessels Stacking Only Pot Permits	Vessels Stacking Both Pot and Longline Permits				
3			11.55							
2	1		9.45							
2		1	8.7							
2			7.7							
1	2		7.35							
1		2	5.85							
1	1	1	6.6							
1	1		5.6							
	3		5.25							
	2	1	4.5							
1			3.85							
	1	2	3.75							
	2		3.5							
		3	3							
	1	1	2.75							
		2	2							
	1		1.75							
		1	1							

Consider providing versions of this table for 2004 and 2008 (without the trawl quota column).

3. Graph the concentration of primary sablefish season<sup>1</sup> harvest among sablefish tier vessels in 1996, 2000, 2004, 2008, and 2012.
4. Gini coefficients for concentration of harvest among vessels in 1996, 2000, 2004, 2008, 2012.<sup>2</sup>
5. Economic Revenue: Overall level of economic revenue per vessel compared to total costs in 2008 (NWFSC, 2012, Figure 8) and compared to vessel market values (NWFSC, 2012, Table 35). Provide comparison to trawl in 2008. NOTE: More recent data may become available before completion of this review.
6. Permit Prices: Possibly available from NWFSC. Are there other sources for permit prices?
7. Economic Revenue: Overall level of economic revenue per vessel compared to total costs (NWFSC, 2012, Figure 8) and compared to vessel market values (NWFSC, 2012, Table 35).
8. Percentage of the limited entry daily-trip-limit (DTL) fishery taken by vessels with tier permits (2000, 2004, 2008, and 2012).

<sup>1</sup> The allocations to tiered permits are fished during the primary sablefish fishery, which occurs from April 1 through October 31. Permits without sablefish tier endorsements are able to fish under daily-trip-limit (DTL) regulations year round. Permits with tier endorsements are able to fishing in the DTL fishery prior to the start of the primary season and after they have caught their tier limit or after October 31<sup>st</sup>, whichever comes first.

<sup>2</sup> Gini coefficients are a numeric representation of a distribution among entities with zero representing a completely equal distribution and one representing a single entity with all of the distribution

## Objective 2

**Maintain or direct benefits toward fishing communities.** This objective relates to National Standard 8 on fishing communities, and FMP Objective 17.

Possible indicators:

1. Port involvement (ratio of a port's fixed gear program sablefish landings to coastwide landings) and dependence (ratio of a port's exvessel revenue of fixed gear program sablefish landings to all other landings in the port) for 1996, 2000, 2004, 2008, and 2012.
2. Proportion of owner operators (NWFSC, 2012, Table 33).
3. Proportion of corporate and multiple partner owned sablefish permits over time.
4. Proportion of permits having transferred ownership at least one time (for evaluating phase-in of permit owner-on-board requirements).
5. Proportion of the fixed gear allocation harvested by year 1996-2012.

## Objective 3

**Prevent excessive concentration of harvest privileges.** This objective relates to National Standard 4 on allocation, National Standard 8 on fishing communities, and FMP Objective 16.

Possible indicators:

1. Number of owners with multiples sablefish endorsed permits in 2012 (formatted as exemplified in Table 2).
2. Graph the ownership concentration of sablefish tier permit allocations in 1996, 2000, 2004, 2008, and 2012.
3. Gini coefficients<sup>2</sup> for ownership concentration of sablefish tier permit allocations in 1996, 2000, 2004, 2008, 2012.
4. Number of entities controlling<sup>3</sup> sablefish endorsed permits, for 2012 (formatted as exemplified in Table 2).
5. Graph the control<sup>3</sup> concentration of sablefish tier permit allocations in 1996, 2000, 2004, 2008, and 2012.
6. Gini coefficients<sup>2</sup> for control<sup>3</sup> concentration of sablefish tier permit allocations in 1996, 2000, 2004, 2008, 2012.
7. Number of non-sablefish endorsed limited entry fixed gear permits owned by individuals who also own tier permits (formatted as exemplified in Table 2).

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<sup>3</sup> A permit is controlled by an entity if that entity has a partial interest in ownership of the permit or has a partial interest in the ownership of a vessel to which the permit is registered.

Table 2. Number of entities owning combinations of sablefish tier and non-sablefish fixed gear limited entry permits, for 2012.

Number of Sablefish Tier Permits Owned	Number of Non-sablefish Fixed Gear Permits Owned				Four or More
	None	One	Two	Three	
	Number of Permit Owners With This Combination				
None					
One					
Two					
Three					

#### Objective 4

**Mitigate the reallocational effects of recent policies (3-tier system and equal limits).**

This objective relates to National Standard 4 on allocation and FMP Objectives 13 on equitable allocation and 15 on minimizing disruption.

Leading up to the permit stacking program there were a series of policies which substantially flattened the distribution of harvest among vessels in the fleet. The last year of derby fishing was 1996. In 1997 equal cumulative limits were provided for all limited entry fixed gear permits qualifying for a sablefish endorsement. The first step toward restoring the prior distribution was the implementation of tiered cumulative limits in 1998. Each sablefish endorsed permit was assigned to one of three tiers based on its landing history. Tier 1 permits received cumulative limits 3.85 times that of Tier 3 permits and Tier 2 permits received cumulative limits 1.75 times that of Tier 3 permits. The final step in mitigating the reallocation effects was implementation of the permit stacking program in August 2001. This program allowed up to three tier endorsed permits and their associated tier limits to be stacked on a single vessel. The first full year of implementation was 2002

Possible indicators:

1. Graph the concentration of harvest among vessels 1996, 1997, 1998, 2002, 2012

#### Objective 5

**Promote equity.** This objective relates to National Standard 4 on allocation and FMP Objective 13 on equitable sharing.

Much of this objective was addressed through the re-establishment of the opportunity for a distribution of harvest among vessels similar to distributions present prior to imposition of equal cumulative limits in 1997 and similar to what is seen in many other fisheries. Another equity related issue is compliance. If some fishermen are not complying with the program they are often viewed as gaining an unfair advantage over other fishermen.

Possible indicators:

1. Graph the concentration of primary sablefish season harvest among sablefish tier vessels in 1996, 2000, 2004, 2008, and 2012.
2. Number of vessels landing amounts in excess of the limits associated with their stacked permits, by year (2002-2012).

## Objective 6

**Resolve or prevent new allocation issues from arising.** This objective relates to National Standard 4 on allocation and FMP Objectives 13 on equitable sharing and 15 on minimizing disruption.

Since implementation of the permit stacking program in 2002, there have been a few calls for any changes to the allocations within the fixed gear sector. Most discussion and concern has been with intersector allocations, however, even during the Council's formal consideration of its groundfish allocations (Amendment 21) it was decided that there was not a sufficient need to examine reallocations of sablefish among sectors, relative to other workload concerns. Within the limited entry fixed gear sector 15% of the sablefish is set aside for a daily trip limit fishery. There has been some suggestion that this allocation and its management might be revisited but up until the time this program review was initiated the interest in modifications has not been sufficient to bring the topic onto the Council agenda.

Possible indicators:

Absence of strong calls for new allocations or reallocations within the limited entry fixed gear sector over the last 11 years (up until initiation of this review).

## Objective 7

**Promote safety.** This objective relates to National Standard 10 and FMP Objective 18 on safety.

While the USCG keeps safety statistics it is only possible to isolate those statistics by date and area, not by the fishery in which the vessel was participating. At this time, it is not apparent that there is any direct information that might be useful in evaluating the safety record of the fleet before and after implementation of the fixed gear stacking program. Indirectly, the elimination of the derby fishery through extension of the primary season to seven months would be expected to reduce the pressure to fish under unsafe conditions.

Possible indicators:

Absence of anecdotal reports on safety problems associated with the primary fishery, particularly in comparison to concerns expressed during the derby fisheries of the mid-1990s.

## Objective 8

**Improve product quality and value.** This objective relates to National Standard 5 on efficiency and FMP Objective 6 on net national benefits.

Changes in exvessel price are strongly driven by markets but might also indicate a change product quality. Most informative might be a price comparison of the difference between fixed-gear-caught and trawl-caught sablefish during the derby relative to the difference in prices between these gears after the implementation of the permit stacking program. A widening gap might indicate an improvement in the quality of fixed gear caught sablefish.

Larger fish generally bring higher prices (might be considered a higher “quality”). Size of fish landed may be increased by gear selectivity or highgrading.

Possible indicators:

1. Compare prices of trawl caught, longline caught, and pot caught sablefish (holding fish size and time of year constant), by year for 1994-2012.
2. Compare size distributions of sablefish landed with fishpot gear and with longline gear, by year for 1994-2012.

## **Objective 9**

**Take action without creating substantial new disruptive effects.** This objective relates to FMP Objective 15 on minimizing disruption.

This objective was achieved with program implementation by allowing fishermen to acquire and stack permits rather than directly changing the allocation among permits.

Possible indicators:

Absence of anecdotal reports on disruptions in the fleet and communities under the stacking program, particularly in comparison to concerns expressed during the derby fisheries of the mid-1990s.

## **Objective 10**

**Create a program that will readily transition to a multimonth IQ program.** This objective relates to capacity reduction recommendations in the strategic plan. Where individual quotas are transferable and divisible they address National Standard 6 by providing the fleet with substantial flexibility to respond to changing conditions in the fishery and National Standard 5 by taking efficiency into account. FMP Objective 6 is also addressed.

At the time it was implemented, the permit stacking program transitioned to a multimonth catch share program. As pointed out in the discussion of this objective, divisibility could be added to the program to increase achievement of at least some National Standards and FMP objectives. However, this might diminish achievement of other standards and objectives. Net effects would have to be assessed as part of the deliberations on such a change. To date, there have been no moves to consider allowing the sablefish tiers to be separated from permits and divided into smaller units, such that the permit stacking program would resemble a more typical individual fishing quota (IFQ) program. While there have been no moves to make a transition, the objective was to create a program that could readily make such a transition, not necessarily to make the transition. The existence of an already implemented allocation among permits addresses one of the major challenges for new catch share programs (the initial allocation). On that basis, this objective might be considered to have been met.

Possible indicators:

1. An evaluation of the programs ability to transition to a more typical IFQ Program.
2. The presence/absence of policy development to make a transition to a more typical IFQ program.

## **Reference**

NWFSC. (2012). West Coast Limited Entry Groundfish Cost Earnings Survey: Protocols and Results for 2008. NOAA Technical Memorandum NMFS-NWFSC-121.