

Groundfish Trawl Individual Quotas for the Pacific Coast July 2005 Informational Report

The Pacific Fishery Management Council is in the process of considering a multispecies individual fishing quota program for its limited entry trawl groundfish fishery. At its June 2005 meeting, the Council voted unanimously to send forward a set of alternatives for analysis in an environmental impact statement. Funds are now available to initiate the analysis but additional funds will be required to be take it to completion.

Fishery Context

The groundfish trawl fishery is a multispecies fishery managed under the West Coast Groundfish Fishery Management Plan, which covers more than 80 species, including rockfish, flatfish, sharks, and skates, as well as roundfish such as Pacific whiting, sablefish, lingcod, kelp greenling, and cabezone. A variety of trawl targeting strategies and types of groundfish trawl gear are used resulting in wide variation in the mix of species caught in a particular trawl tow. This situation creates significant challenges in managing the fishery. Recently, 92 permits out of 284 limited entry trawl permits were bought back through a largely, industry-funded buyback program, reducing the number of permits to 182 (including 10 catcher-processors). Since then two additional permits have been retired through permit combination, leaving 180 permits.

The limited entry trawl fishery is the largest component of the groundfish fishery generating about \$42 million in exvessel revenue in 2003 and \$62 million in exprocessor revenue. It is estimated that there were about \$82 million in community income impacts associated with this fishery.

| 2003 ¹ Commercial Fisheries | Groundfish | | | Other West Coast Fisheries | Total All West Coast EEZ Fisheries |
|--|------------------------|--------------|---------------------|----------------------------------|--|
| | Limited Entry Trawl | All Other | Total Groundfish | | |
| Exvessel Revenue | \$42 million | \$18 million | \$60 million | \$279 million | \$339 million |
| Percent of Groundfish | 69% | 31% | 100% | - | - |
| Percent of All EEZ Fisheries | 12% | 5% | 18% | 82% | 100% |

¹ Groundfish are also harvested by the recreational fishery.

Policy Context

The Council has been interested in considering individual quota programs since the early 1990s. A simple, single-species individual quota program was developed for the limited entry fixed gear fishery in the early 1990s, was delayed due to a moratorium, then finally implemented in the form of a tiered permit stacking program in 2001. In 2000, the Council adopted a groundfish strategic plan calling for the consideration of IFQs and permit stacking for the trawl fishery. At that time consideration of IFQs was delayed due to a Magnuson Stevens Act moratorium on such programs. In the fall of 2004, the Council adopted a bycatch mitigation environmental impact statement (EIS) which called for the future use of individual fishing quotas (IFQs) to control bycatch.

Efforts to Date

The Council decided to initiate scoping for a trawl individual quota program at its September 2003 meeting. At its June 2005 meeting, having received the results from public scoping and comments from Council advisory bodies, the Council voted unanimously to send forward for analysis in a draft EIS a number of trawl individual quota (TIQ) alternatives covering harvest of West Coast groundfish, including Pacific whiting. This action was also unanimously recommended by the Council's Ad Hoc Trawl Individual Quota Committee which includes representation of whiting and nonwhiting sectors, shoreside and at-sea processors, communities, and environmentalists. The alternatives include IFQs but not individual processing quotas. The timeline for progressing on the draft EIS will depend on available funding.

The Council's June 2005 decision culminated a scoping process that spanned more than one-and-a-half years and included substantial work by a variety of Council committees. The Council's Ad Hoc TIQ Committee met five times, the Ad Hoc TIQ Enforcement Group met twice, the Ad Hoc TIQ Independent Experts Panel met twice, the Ad Hoc TIQ Analytical Team met four times, and three special public hearings were held. The result is a series of alternatives that present an integrated approach for managing the entire trawl fishery, take into account the complexities of the interactions among segments of the trawl fishery, and take into account interactions between the trawl fishery and other segments of the groundfish fishery.

Problem Statement

Despite the recently completed buyback program, management of the West Coast groundfish trawl fishery is still marked by serious biological, social, and economic concerns; and by discord between fishermen and managers and discord between different sectors of the fishery, similar to those cited in the U.S. Commission on Ocean Policy's 2004 report. The trawl fishery is viewed by many as economically unsustainable given the current status of the stocks and the various measures to protect these stocks. One major source of discord and concern stems from the management of bycatch, particularly of overfished species as described in the programmatic bycatch mitigation EIS. Through the bycatch mitigation program final EIS and draft Amendment 18, the Council has indicated its support for future use of IFQ programs to manage the non-tribal, commercial groundfish fisheries so that individual fishery participants have both more flexibility in how they choose to participate in the fishery and more accountability for how their individual actions affect the bycatch of overfished species in the groundfish fishery. The problem statement is as follows:

As a result of the legal requirement to minimize bycatch of overfished species, considerable harvest opportunity is being forgone in an economically stressed fishery. The trawl groundfish fishery is a multispecies fishery in which fishermen exert varying and limited control of the mix of species in their catch. The optimum yields (OYs) for many overfished species have been set at low levels that place a major constraint on the industry's ability to fully harvest the available OYs of the more abundant target species that co-occur with the overfished species, wasting economic opportunity. Average discard rates for the fleet are applied to projected bycatch of overfished species. These discard rates determine the degree to which managers must constrain the harvest of targeted species that co-occur with overfished species. These discard rates are developed over a long period of time and do not rapidly respond to changes in fishing behavior by individual vessels or for the fleet as a whole. Under this system, there is little direct incentive for individual vessels to do everything possible to avoid take of species for which there are conservation concerns, such as overfished species. In an economically stressed environment, uncertainties about average bycatch rates become highly controversial. As a consequence, there is discord between fishing fleets and managers when there is disagreement about decisions on estimates of bycatch. Thus, in the current system there are uncertainties about the accuracy of bycatch estimation, few incentives for the individual to reduce personal bycatch rates, and an associated loss of economic opportunity related to the harvest of target species.

The current management regime is not responsive to a wide variety of fishing business strategies and operational concerns. For example, historically the Pacific Council has tried to maintain a year-round groundfish fishery. Such a pattern works well for some business strategies in the industry, but there has been substantial comment from fishermen who would prefer being able to pursue a more seasonal groundfish fishing strategy. The current management system does not have the flexibility to accommodate these disparate interests. Nor does it have the sophistication, information, and ability to make timely responses necessary to react to changes in market, weather, and harvest conditions that occur during the fishing year. The ability to react to changing conditions is key to conducting an efficient fishery in a manner that is physically safe for the participants operating in the ocean environment.

Fishery stock depletion and economic deterioration of the fishery are concerns for fishing communities. Communities have a vital interest in the short-term and long-term economic viability of the industry, the income and employment opportunities it provides, and the safety of participants in the fishery.

In summary, management of the fishery is challenged with the competing goals of: minimizing bycatch, taking advantage of the available allowable harvests of more abundant stocks (including conducting safe and efficient harvest activities in a manner that optimizes net benefits over the short-term and long-term), increasing management efficiency, and responding to community interest.

Goals and Objectives

Goals

1. Increase regional and national net benefits including improvements in attainment of economic, social, and environmental objectives and attainment of fishery management objectives.
2. Achieve capacity rationalization through market forces and create an environment for decision making that can rapidly and efficiently adjust to changing conditions.

Objectives

1. Provide for a viable, profitable, and efficient groundfish fishery.
2. Minimize negative ecological impact while taking the available harvest.
3. Reduce bycatch and discard mortality.
4. Promote individual accountability and responsibility for catch (landed catch and discards).
5. Increase stability for business planning.
6. Increase operational flexibility.
7. Minimize adverse effects from IFQs on fishing communities.
8. Promote measurable economic and employment benefits through the seafood catching, processing, distribution elements, and support sectors of the industry.
9. Provide quality product for the consumer.
10. Increase safety in the fishery.

Constraints and Guiding Principles

1. Take into account the biological structure of the stocks including such factors as populations and genetics.
2. Take into account the need to ensure that the total OYs and ABC for the trawl and all other sectors are not exceeded.
3. Account for total groundfish mortality.
4. Avoid provisions where the primary intent is a change in marketing power balance between harvesting and processing sectors.
5. Avoid excessive quota concentration.
6. Provide efficient and effective monitoring and enforcement.
7. Design a responsive review evaluation and modification mechanism.
8. Take into account the management and administrative costs of implementing and overseeing the IFQ program and complementary catch monitoring programs and the limited state and federal resources available.

Alternatives

The following are the management regime alternatives that will be analyzed in an EIS:

Alternative 1: Status Quo

Alternative 2: IFQs for Trawl Target Species and Species for Which Allocations Exist

Alternative 3: IFQs for All Groundfish Except the “Other Fish” Category of Groundfish **With** Adjustments at Low Harvest Levels

Alternative 4: IFQs for All Groundfish Except the “Other Fish” Category of Groundfish **Without** Adjustments at Low Harvest Levels

Alternative 5: IFQs for All Groundfish

Alternative 6: IFQs for Overfished Species Only

Alternative 7: Permit Stacking (one cumulative limit for each permit associated with a vessel)

These management regime alternatives are described in Table 1. As part of the development of an IFQ program the Council will also need to resolve a number of allocation issues between segments of the trawl fishery and between the trawl and other groundfish fisheries. Within trawl allocation will be addressed as part of the IFQ EIS and allocation between the trawl and other fisheries will be addressed as part of an intersector allocation EIS. This intersector allocation EIS is needed to support the Council's bycatch mitigation policies and resolving intersector allocations will be of assistance in the biennial specifications process.

There are a great variety of provisions that might be included in any IFQ program. Three unique IFQ programs have been developed for Council consideration (noted in the first and last rows of Table 1 as Programs A, B, and C) and are described in Table 2. At the time of the Council's final decision provisions can be mixed and matched between alternatives as long as the alternatives remain internally consistent and within the scope of the analysis.

The following is a general description of the IFQ program elements which are contained in Appendix B of the Scoping Results Summary and illustrated in Figure 1.

Appendix B, Section B.1.0, Initial IFQ Allocation

Section B.1.1, Eligible Groups and Group Shares

IFQ would be allocated to the following groups in the following proportions: . . . [e.g., **groundfish trawl permit owners (xx%)**, **groundfish trawl vessel owners (xx%)**, **processors (xx%)**]. Processors would be defined as... [FMP definition/alternative definition].

Section B.1.2, Recent Participation

In order to qualify for an initial allocation the applicant would . . . [**have to/not have to**] . . . demonstrate recent participation. If recent participation is required, the recent participation requirement for each group would be as follows: make/receive at least . . . [**X deliveries – number of deliveries to be determined**] . . . of trawl caught groundfish from . . . [**1998-2003, or 2000-2003**].

Section B.1.3, Allocation Formula

Those eligible for an initial allocation will be allocated quota shares based on the following formula:

[**0-100%**] of the quota share issued for the group would be issued based on history of catch/landings/processing;

[**0-100%**] of the quota share issued for the group would be issued based on equal sharing; and

[**0-100%**] of the quota share issued for the group would be allocated through an auction. (Formula's may vary among groups)

Section B.1.4 and Section B.1.5, History: Species Groups and Periods

For IFQ allocated based on delivery history, the applicant's . . . **[total groundfish; total for each IFQ species or species group; or total for each species, species group, or proxy species]** . . . **[caught; landed; or processed]** . . . will be calculated for . . . **[1994-2003; 1994-1999; 2000-2003; 1998-2003; or 1999-2004]** . . . , less . . . **[0; 1; 2; or 3]** . . . of the applicant's worst years. The calculation will be based on the applicant's . . . **[pounds; percent of total]** . . . for the relevant species/species group in each year.

Section B.1.6, History: Special Situations

Permit history for combined permits would include the history . . . **[for all the permits that have been combined; for the permit originally associated with the permit number of the combined permit]**. Illegal deliveries would not count toward history. Catch in excess of trip limits, as authorized under an EFP and compensation fish . . . **[would/would not]** . . . count toward history.

Section B.1.7, Appeals

There would be no appeals process on the initial issuance of IFQ, other than that provided by NMFS and consistent with the Administrative Procedures Act. Any proposed revisions to fishtickets would undergo review by state enforcement personnel prior to finalization of the revisions.

Section B.1.8, Creating New IFQ Species After Initial Implementation

When a management unit is subdivided, quota shares for that unit will be subdivided by issuing quota share holders' amounts of shares for the subdivisions equivalent to their holdings of the shares being subdivided. If a new management unit is established that is not a subset of an existing unit managed with IFQ, the Council will need to take action at that time to develop criteria for quota share allocation.

Appendix B, Section B.2.0, Holding Requirements, Annual Issuance, Transfer

Section B.2.1, IFQ and Limited Entry (LE) Permit Holding Requirements

In order to be used, IFQ representing quota pounds would need to be registered for use with a particular vessel (deposited to the vessel's quota pound account). Only LE trawl vessels would be allowed to participate in the IFQ fishery. A vessel would need to acquire quota pounds to cover the catch for a particular trip. . . **[by the time of landing; no more than 24 hours after landing; no more than 30 days after landing]**. A vessel . . . **[would not need to hold quota pounds; would need to hold at least xxx quota pounds]** . . . before leaving port on a fishing trip. An LE permit may not be transferred from any vessel for which there is deficit in the vessel's quota pound account for any species or species group (i.e., if the vessel has caught IFQ species not covered by quota pounds). A vessel with a deficit in its quota pound account could not leave port.

Subsection B.2.2.2, Rollover (Carryover) of Quota Pounds to a Following Year

Each year quota pounds would be issued to quota share holders based on the amounts of quota shares they hold. For species that are not overfished, a vessel . . . **[would/would not]**. . . be able to roll-over . . . **[up to . . . 5%;10%; 20%; 30% . . . of its]** . . . unused quota pounds or cover an overage . . . **[of . . . 5%; 10%; 20%; 30%]** . . . with quota pounds from

the following year. For overfished species, . . . **[a full; a partial; no]** . . . rollover allowance would be provided.

Subsection B.2.2.3, Quota Share Use-or-Lose Provisions

Quota share use would be monitored as part of the TIQ program review process. **[Quota shares not used in at least one of three years would be revoked . . . OR . . . During program review processes, if it is determined that significant portions of the available quotas shares are not being used (catch is not being recorded against quota pounds issued for those shares), use-or-lose or other provisions will be considered to encourage more complete utilization].**

Subsection B.2.2.4, Entry Level Opportunities for Acquiring Quota Shares and Low Interest Loan Options

There are many program features that would facilitate new entry and participation by small fishing operations (e.g., highly divisible access privileges as compared to limited entry licenses). Additional provisions for such purposes could include . . . **[none; a low interest loan program; provisions for new entrants to qualify for revoked shares being reissued (the latter two options are not mutually exclusive)].**

Subsection B.2.2.5, Community Stabilization Quota

A percentage of the quota pounds each year . . . **[would/would not]** . . . be held back from that allocated to quota share holders . . . **[up to 25%; based on analysis]**. The amount held back would be awarded to proposals from fishermen and processors working together to benefit the local community.

Section B.2.3, Transfer Rules

[Anyone eligible to own a US documented fishing vessel; Anyone eligible to own or operate a US documented fishing vessel; Stakeholders] . . . would be eligible to own or otherwise control IFQ (quota shares or quota pounds). Leasing . . . **[would/would not]** . . . be allowed. Quota pounds could be transferred any time during the year. Quota shares would be transferrable . . . **[any time during the year/only at the end of the year]**. There would be no limit on the divisibility of quota shares for purpose of transfer. Quota pounds could be transferred in as little as single pound units. Liens on IFQ are a matter of private contract and would not be specifically limited by this program. A central registry might be created as part of the program administration. There . . . **[would/would not]** . . . be accumulation limits on the amounts of quota shares or pounds owned, controlled, or used on a vessel. The definition of control may extend beyond ownership and leasing. The range of limits being considered **varies from 1% to 50% to no cap**. The limits may **vary by species, segment of the fleet, or type of entity (e.g., vessel owner, permit owner, processor)**. Accumulation limits for groundfish in aggregate may also be different than limits for individual species or species group. There would be no direct limits on vertical integration.

Appendix B, Section B.3.0, Administration

Section B.3.1, Tracking, Monitoring, and Enforcement

Enforcement for the IFQ program may include one or more of the following elements:

- onboard compliance monitors;
- dockside compliance monitors (20%-100%);
- hailing requirements, small vessel exemptions for onboard compliance monitors;
- video monitoring systems;
- full retention requirements;
- a vessel-specific bycatch reporting system;
- electronic landings tracking system;
- limited delivery ports;
- limited delivery sites;
- electronic IFQ tracking systems; and
- vessel monitoring system.

These measures have been arrayed into the enforcement and monitoring programs provided in Table B.3-1 (Appendix B). While some likely specifics are identified to facilitate program design and impact analysis, the FMP amendment language on this issue may be general, specifying that the Secretary will promulgate regulations to establish an adequate monitoring and enforcement regime. Strong sanctions may be recommended along with provisions specifying that illegal overages be forfeited and debited against the vessel's account. A part of the program administration, a centralized publicly accessible registry for liens against quota shares would be requested with . . . **[all related ownership information/essential ownership information]**.

Section B.3.2, Cost Recovery and Rent Sharing

Landings fees would be charged to cover program costs (up to Magnuson-Stevens Act (MSA) limits) and, over time, some elements of the program may be privatized, as appropriate.

Section B.3.3, Program Monitoring, Review and Revision

The IFQ program would not have a built-in sunset provision nor would quota shares be issued for fixed terms (i.e., IFQs would not expire after a certain number of years). The program would be revised as necessary through standard FMP and regulatory amendment processes. Information on certain aspects of program performance would be compiled annually and a program review would be conducted every 4 years.

Section B.3.4, Data Collection

The data collection program . . . **[would/would not]** . . . be augmented to include the . . . **[expanded and mandatory; expanded voluntary]** . . . provision of economic data from the harvesting and processing industry. All data collected would be maintained in a confidential manner. Aspects of these provisions would require modification of the MSA. A central registry of IFQ shareholders and transactions would be maintained and include market value information. Government costs would also be tracked.

Options indicated in this description have been arrayed into three IFQ programs (Table 2). Options not included in one of these programs will be discussed and analyzed to illustrate their merits relative to the options chosen. Table 3 isolates those program elements which distinguish the three IFQ programs from one another. Options for allocating catch among segments of the trawl fleet

(e.g., shoreside and at-sea) will be based on the catch history of each segment of the fleet during the period used for the IFQ allocation.

Figure 1. Outline of the IFQ program design elements from Appendix B of the scoping results document.

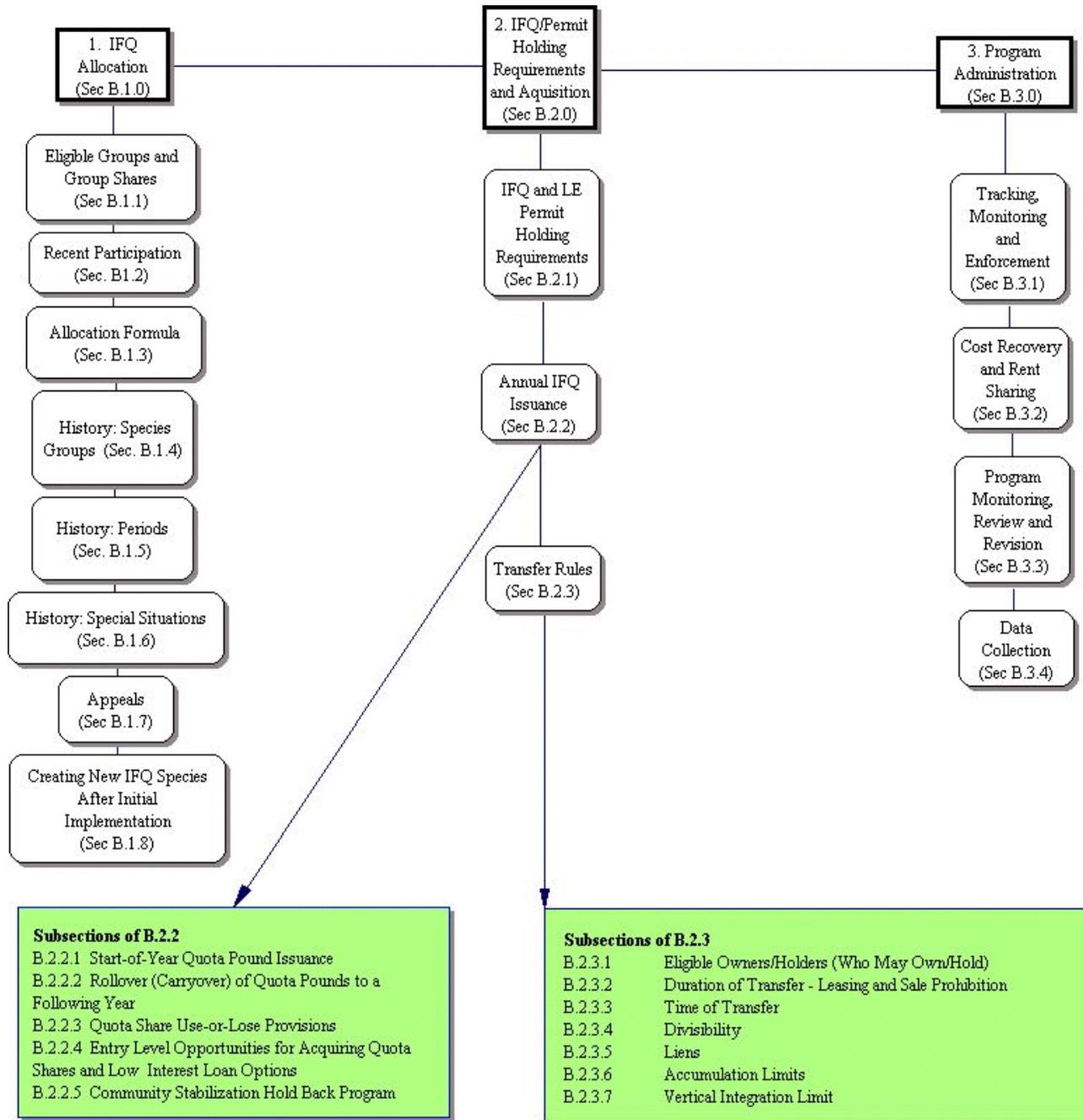


Table 1: Management regime alternatives for analysis, see end of table for Alternatives 5-7. (Page 1 of 3)

| Species Groups and Management Tools | | | | |
|---|---|--|---|---|
| Alt 1 - Status Quo | Alt 2 - IFQs for Trawl Target Groundfish | Alt 3 - IFQs for All Groundfish Except "Other Fish" ^{a/} | Alt 4 - IFQs for All Groundfish | |
| IFQ Program | | | | |
| IFQ Program to Be Applied (See Table 2) | Program C | Alternative 3A - Program A Alternative 3B - Program B Alternative 3C - Program C | Program C | |
| NonWhiting Fishery Management Tools and Species (Sections 2.1.1.1 - 2.1.1.3 of the Scoping Results Document) | | | | |
| Primary Management Tools | - | Manage with IFQ for target species and species for which there is a trawl allocation. | Manage with IFQ for all groundfish except the "Other Fish" category of groundfish and except in situations in which the OY for the species is very low (see below). | Manage with IFQ for all groundfish. ^{b/} |
| | Cumulative landing limits for almost all nonwhiting species/species groups. ^{b/} | Transferable cumulative catch limits for other groundfish species managed with cumulative landing limits under status quo. ^{c/} | - | - |
| | Monitoring only for other species. | Monitoring only for other species. | Monitoring only for other species. | - |
| Adjustments for Low Harvest Levels | The Council may suspend intersector allocations when a species is overfished. | Low OY Management: Same as status quo plus. For IFQ species, management does not change with low OYs. If the OY for a nonIFQ species becomes extremely low (such as for a rebuilding species) manage with nontransferable cumulative catch limits. ^{d/e/f/} Low OY Threshold: Establish a threshold at which point a species would switch from incidental catch management to "Low OY management." (e.g., B _{25%}) | Low OY Management: Same as status quo plus. If the OY for any species becomes extremely low, switch from IFQs for that species and instead manage the sector allocation as a pool using nontransferable cumulative catch limits to control catch. ^{g/h/} Decide on whether or not to use "Low OY management" as part of the biennial specifications process. | Same as status quo. |

Table 1: Management regime alternatives for analysis, see end of table for Alternatives 5-7. (Page 2 of 3)

| Species Groups and Management Tools | | | | |
|--|--|---|--|---|
| | Alt 1 - Status Quo | Alt 2 - IFQs for Trawl Target Groundfish | Alt 3 - IFQs for All Groundfish Except "Other Fish"^{u/} | Alt 4 - IFQs for All Groundfish |
| Whiting Fishery Management Tools and Species (Sections 2.1.1.1 - 2.1.1.3 of the Scoping Results Document) | | | | |
| Primary Management Tools | No IFQ. | IFQ for whiting. | IFQ for whiting and all incidentally caught groundfish except the "Other Fish" category of groundfish. | IFQ for whiting and all incidentally caught groundfish species. ^{u/} |
| | Sector allocation with catch limited by season closure. | Possible continuation of seasons to control impacts on ESA listed salmon stocks. | Possible continuation of seasons to control impacts on ESA listed salmon stocks. | Possible continuation of seasons to control impacts on ESA listed salmon stocks. |
| | Possible season constraints to protect overfished species. | Sector catch caps for other incidentally caught nonwhiting groundfish species for which allocations have been established. No cumulative catch limits. Season closes when fleet catch cap is reached. | - | - |
| | Other species managed with monitoring only. | Monitoring only for other species. | Monitoring only for other species. | - |
| Trawl Sectors and Intersector Transfers (Section 2.1.1.4 of the Scoping Results Document) | | | | |
| Sectors | Three Sectors: <ul style="list-style-type: none"> shoreside deliveries mothership deliveries catcher-processor deliveries | Four Sectors: <ul style="list-style-type: none"> shoreside whiting deliveries shoreside nonwhiting deliveries mothership deliveries catcher-processor deliveries (FROM 2.1.1.4 Option 3) | Three Sectors: <ul style="list-style-type: none"> shoreside deliveries mothership deliveries catcher-processor deliveries (FROM 2.1.1.4 Option 2) | One Sector (FROM 2.1.1.4 Option 1) |
| Intersector Transfer/ Trading | Whiting: Sector allocations fixed by formula with procedure for midseason transfer of unused allocation. Nonwhiting species: There is no inseason transfer of catch opportunity between trawl sectors except through Council inseason management. | Whiting Option 1: IFQ nontransferable between trawl sectors. Option 2: IFQ nontransferable between trawl sectors with procedure for midseason rollover of unused IFQ to another sector. Nonwhiting species: Sector catch cap roll-over: Roll-over any unused incidental catch from one whiting sector to the next as the year progresses. ^{tv} Allow purchase of nonwhiting species IFQ from the nonwhiting sector. Such IFQ would be placed in the pool for vessels operating in the whiting sector. | Whiting IFQ nontransferable between trawl sectors. Nonwhiting species: Do not allow transfer of nonwhiting IFQ from one trawl sector to another. | No subdivision of whiting sectors (there may or may not be a subdivision for purposes of initial allocation). |

Table 1: Management regime alternatives for analysis, see end of table for Alternatives 5-7. (Page 3 of 3)

| Species Groups and Management Tools | | | | |
|--|--|---|---|---|
| Alt 1 - Status Quo | Alt 2 - IFQs for Trawl Target Groundfish | Alt 3 - IFQs for All Groundfish Except "Other Fish" ^{a/} | Alt 4 - IFQs for All Groundfish | |
| Groundfish Catch of Limited Entry Trawl Vessels Using Gears Other Than Groundfish Trawl (Section 2.1.1.5 of the Scoping Results Document, Options are Relevant for IFQ Catch Control Only) | | | | |
| Trawl Vessel Exempted Gear Quota Accounting and Catch Control (Includes Exempted Trawl and Exempted Nontrawl Gears) | <u>Exempted gear</u> catch by LE trawl vessels counts against LE allocation (trawl and fixed gear) ^{f/} but is subject to open access (OA) trip limits. | <u>Exempted gear</u> - IFQ is not required. Catch counts against the OA allocation and is managed as part of the OA fishery. Some catch will be allocated from the LE trawl to OA fishery. (FROM 2.1.1.5 Opt 2C) | <u>Exempted gear</u> - IFQ required. Catch counts against LE Trawl. Open access catch control regulations apply. (FROM 2.1.1.5 Option 1A) | <u>Exempted gear</u> - IFQ required. Catch counts against LE Trawl. Open access trip limits do not apply. (FROM 2.1.1.5 Option 1B) |
| Trawl Vessel Longline and Fish Pot Without LE Endorsement (Fixed Gear Gear Quota Accounting and Catch Control) | <u>Longline and fishpot</u> catch by LE trawl vessels counts against LE allocation (trawl and fixed gear) ^{f/} but is subject to open access trip limits. | <u>Longline and fishpot</u> - IFQ required. Catch counts against LE Trawl. LE fixed gear catch control regulations apply. (FROM 2.1.1.5 Option 1A) | <u>Longline and fishpot</u> - IFQ required. Catch counts against LE Trawl. LE fixed catch control regulations do not apply. (FROM 2.1.1.5 Option 1B) | <u>Longline and fishpot</u> - IFQ required. Catch counts against LE Trawl. LE fixed catch control regulations do not apply. (FROM 2.1.1.5 Option 1B) |
| Alternative 5: IFQ for All Groundfish Species - same as Alternative 4 except provide IFQ for the "Other Fish" category of groundfish (uses IFQ Program C). | | | | |
| Alternative 6: IFQ for Overfished Species Only - same as Alternative 4, but provide IFQ only for overfished species (uses IFQ Program C). | | | | |
| Alternative 7: Cumulative Catch Limits and Permit Stacking - same as status quo except, change from cumulative landing limits to cumulative catch limits, allow vessels to take one cumulative limit for each permit stacked on the vessel. Only one of the permits associated with a vessel would need to have the appropriate length endorsements, additional trawl endorsed permits could be stacked without penalty or restriction related to the length endorsement. Stacking would be limited to a maximum of three permits. A monitoring and enforcement program would require 100% at-sea coverage with observers or with cameras and a full retention requirement. (Note: needed monitoring and enforcement provisions and other requirements for the IFQ program alternatives are provided in Table 2). | | | | |

- a/ "Other Fish" is a groundfish category that includes sharks, skates, rays, ratfish, morids, genadiers, kelp greenling, and Pacific cod.
- b/ Currently only the "Other Fish" category is not covered by a cumulative limit for the trawl fishery.
- c/ NonIFQ Species - Trawl share based on biennial Council decision. 1. Transferable cumulative catch limit between vessels within period (full or partial limit transfers, depending on length of limit period). 2. Any transfers between vessels are temporary.
- d/ Eliminate the transferability of cumulative catch limits and implement season closure for the affected species on reaching the fleet limit for that species.
- e/ Retention allowances within the catch limits may vary based on annual management measure decisions.
- f/ Other measures to keep bycatch rates low may stay in place (e.g., Rockfish Conservation Areas).
- g/ Implement season closure for the affected species on reaching the fleet limit for that species.
- h/ There would not be a rollover from the nonwhiting to whiting sector.
- i/ With the exception of sablefish for which there is a separate LE trawl allocation against which such catch is counted.

Table 2. IFQ program design alternatives, for analysis, (section and option numbers in parentheses refer to Appendix B of the Scoping Results Document). (Page 1 of 5)

| | IFQ Program A | IFQ Program B | IFQ Program C |
|--|---|---|--|
| B.1.0 IFQ Allocation | | | |
| B.1.1 Eligible Groups | Allocate 50% of quota shares to current permit owners and 50% to processors (Option 3b). | <p>Eligible Group Suboption B-1. Allocate 100% of quota shares to current permit owners (Option 1 from Appendix B).</p> <p>Eligible Group Suboption B-2. Allocate 100% of quota shares for nonwhiting species to current permit owners and 50% of the quota shares for whiting species to current permit owners. Allocate 50% of the quota shares for whiting species to processors. (New Option, June 2005)</p> <p>Eligible Group Suboption B-3. 90% of quota shares to current permit owners and 10% to processors (New Option, June 2005).</p> | Allocate 75% of quota shares to current permit owners and 25% to processors (Option 3a). |
| Processor Definition: | Use special IFQ Program definition (processors: receive and process unprocessed fish; or catch and process) (Option 1). | Use FMP Definition (processors process unprocessed and already processed fish or receive live fish for resale) (Option 2). | Same as Program A. |
| B.1.2 Qualifying Criteria: Recent Participation | <p>Harvesters (including catcher-processors): 1998-2003 participation required in order to qualify for an initial allocation of quota shares (number of trips or years to be specified) (Option 2).</p> <p>For shoreside processors and motherships: 1999-2004 recent participation requirement (number of trips or years to be specified). (Option 4).</p> | <p>All Members of Eligible Groups: No recent participation required in order to qualify for an initial allocation of quota shares (Option 1).</p> <p>OR</p> <p>All Members of Eligible Groups: 1998-2003 participation required (one trawl groundfish landing/delivery of any groundfish species) in order to qualify for an initial allocation of quota shares (Option 2).</p> | Same as Program A. |

Table 2. IFQ program design alternatives, for analysis, (section and option numbers in parentheses refer to Appendix B of the Scoping Results Document). (Page 2 of 5)

| | IFQ Program A | IFQ Program B | IFQ Program C |
|--|--|---|--------------------|
| B.1.3 Elements of the Allocation “Formula” | | | |
| Vessel/Permit Related Allocation | Catcher vessel permit owners will receive quota shares based on their permit history plus an equal division of the quota that could be attributed to permit history of bought-back permits (catcher-processors permit owners will not receive a portion of the quota shares distributed on an equal sharing basis) (Option 2). Suboptions for incidentally caught overfished species, either: (a) same as for other species OR (b) equally divide quota for incidentally caught overfished species. For catcher-processors permit owners, use an allocation schedule developed by unanimous consent of that sector (to be provided). | Same as Program A, except no special catcher-processor schedule. | Same as Program A. |
| Processor Allocation | Processors are allocated quota shares based entirely on the processing of groundfish trawl landings received unprocessed (Option 1). | No Allocation. | Same as Program A. |
| B.1.4 History: Species/Species Groups to Be Used for Allocation | Allocate Quota Shares Based on Individual Species/Species Groups: Allocate quota shares for each species/species group based on relative amounts of each respective species/species group caught/landed or processed - for permits applies to permit history; for processors applies to amounts processed (Option 2). | Same as Program A, except applies only to permit catch/landings history (i.e., there is no processor allocation). | Same as Program A. |
| B.1.5 History: Allocation Periods | | | |
| Periods/Years to Drop: | Vessels: 1994-2003 Drop 2 years for whiting sector fishing (applies to incidental harvest and whiting). Drop 3 years for nonwhiting sector fishing (Option 1, Suboption B) Shore Processors: 1999-2004 Drop 2 years . (Option 5, Suboption B) Motherships: 1998-2003. No opportunity to drop worst year. (Option 4, Suboption A) | Same as Program A for vessels but no allocations for shore processors or motherships. | Same as Program A. |
| Weighting Among Years: | Absolute pounds - no weighting between years (Suboption (i)). | Relative pounds (calculate history based on the entity's percent share of each year's total) (Suboption (ii)). | Same as Program B. |

Table 2. IFQ program design alternatives, for analysis, (section and option numbers in parentheses refer to Appendix B of the Scoping Results Document). (Page 3 of 5)

| | | IFQ Program A | IFQ Program B | IFQ Program C |
|---|---|---|---|--------------------|
| B.1.6 History: Combined Permits and Other Exceptional Situations | | | | |
| Combined permits: | All permits count. History of the permits combined into a single permit goes to the resulting permit (Option 1). | Same as Program A. | Same as Program A. | Same as Program A. |
| Illegal landings/catch: | Don't count | Same as Program A. | Same as Program A. | Same as Program A. |
| Landings in excess of trip limits, as authorized under an EFP: | Don't count landings in excess of the cumulative limit in place for the nonEFP fishery. | Same as Program A. | Same as Program A. | Same as Program A. |
| Compensation fish: | Don't count. | Same as Program A. | Same as Program A. | Same as Program A. |
| B.1.7 Initial Issuance Appeals Process | Only one provision has been identified: Appeals would occur through processes developed by NMFS. NMFS will develop a proposal for an internal appeals process and bring it to the Council for consideration. Any proposed revisions to fishtickets would undergo review by state enforcement personnel prior to finalization of the revisions. | | | |
| B.1.8 Creating New IFQ Species/Species Groups After initial Implementation | Only one practical option has been identified: When a management unit is subdivided, quota shares for that unit will be subdivided by issuing quota share holders amounts of shares for the subdivisions equivalent to their holdings of the shares being subdivided. If a new management unit is established that is not a subset of an existing unit managed with IFQ, the Council will need to take action at that time to develop criteria for quota share allocation. | | | |
| B.2.0 IFQ/Permit Holding Requirements and IFQ Acquisition (After Initial Allocation) | | | | |
| B.2.1 IFQ and LE Permit Holding Requirements | Catch must be covered with quota pounds within 30 days of the landing (Option 3). Only LE trawl vessels would be allowed to participate in the IFQ fishery. For any vessel with an overage (landings not covered by quota) there would be no more fishing by the vessel until the overage is covered. Additionally, for vessels with an overage, the limited entry permit cannot be sold or transferred until the deficit is cleared. A possible suboption would require some amount of quota pounds be held prior to departure from port (to be analyzed). | Same as Program A | Same as Program A | Same as Program A |
| B.2.2 Annual IFQ Issuance | | | | |
| B.2.2.1 Start-of-Year Quota Pound Issuance | Only one practical option has been identified: Quota pounds are issued annually to share holders based on the amount of quota shares they held. (Quota shares are issued at the time of initial IFQ allocation). | | | |
| B.2.2.2 Rollover (Carryover) of Quota Pounds to a Following Year | | | | |
| Nonoverfished | 10% rollover for nonoverfished species (Option 3) | 30% rollover for nonoverfished species (Option 5) | 5% rollover for nonoverfished species (Option 2) | |
| Overfished | 5% rollover for overfished species (Option 3) | Full (30%) rollover allowance for overfished species (Option 5) | No rollover allowance for overfished species (Option 2) | |

Table 2. IFQ program design alternatives, for analysis, (section and option numbers in parentheses refer to Appendix B of the Scoping Results Document). (Page 4 of 5)

| | | IFQ Program A | IFQ Program B | IFQ Program C |
|----------------|---|---|---|---|
| B.2.2.3 | Quota Share Use-or-Lose Provisions | Do not include a use-or-lose provision but evaluate need as part of future program reviews (Option 3). | Same as Program A | Same as Program A |
| B.2.2.4 | Entry Level Opportunities for Acquiring Quota Shares and Low Interest Loan Options | No special provisions. | No special provisions. | Provide new entrants an opportunity to qualify for revoked shares and shares lost due to non-use (if such non-use provisions are created) (Element 2) |
| B.2.2.5 | Community Stability Hold Back | No special provisions. | No special provisions. | Set aside up to 25% of the nonwhiting shoreside trawl sector allocation each year and allocate that share as quota pounds for joint fishermen/processor venture proposals, ranked on the basis of objective criteria that evaluate benefits to local communities. |
| B.2.3 | Transfer Rules | | | |
| B.2.3.1 | Eligible Owners/holders (Who May Own/hold) | Any entity eligible to own or operate a US documented fishing vessel. (Option 2) TIQC intent: preserve opportunity for existing participants) | Same as Program A | Same as Program A |
| B.2.3.2 | Duration of Transfer - Leasing and Sale | Permanent transfers and leasing of quota shares and quota pounds allowed. (Option 2) | Permanent quota share transfers only--leasing prohibited. Permanent transfers and leasing of quota pounds allowed. (Option 1) | Same as Program A |
| B.2.3.3 | Limits on Time of Transfer | Allow transfers of quota shares any time during year (Option 1). | Prohibit transfer of quota shares during the last two months of the year. | Same as Program A |
| B.2.3.4 | Divisibility | Only one practical option has been identified: Quota Shares: nearly unrestricted divisibility - "many decimal points." Quota Pounds: divisible to the single pound | | |
| B.2.3.5 | Liens | No options have been proposed to restrict liens. Liens can and should be facilitated through a central lien registry. Options for the central lien registry are covered in Section B.3.1. | | |
| B.2.3.6 | Accumulation Limits | 50% or No Limits (Option 5). | Consider all limits as suboptions | Suboption: Most restrictive limits(1% or 5% Suboption: Intermediate level limits (10% or 25%) |
| B.2.3.7 | Vertical Integration Limit | Only one option has been identified: No additional limits on vertical integration beyond those already provided through accumulation limits. | | |

Table 2. IFQ program design alternatives, for analysis, (section and option numbers in parentheses refer to Appendix B of the Scoping Results Document). (Page 5 of 5)

| | IFQ Program A | IFQ Program B | IFQ Program C |
|--|--|--|---|
| B.3.0 Program Administration | | | |
| B.3.1 Tracking IFQ, Monitoring Landings, and Enforcement (see Table B.3-1) | <p>Enforcement Program 2 100% at-sea monitors (observers) Discards allowed</p> <p>Upgraded bycatch reporting system needed Electronic landings tracking</p> <p>Shoreside monitoring opportunity Advance notice of landing Licenses for delivery sites Electronic IFQ reporting Unlimited landing hours VMS</p> | <p>Enforcement Program 1 100% at-sea monitors (observers) Full retention required</p> <p>No upgraded bycatch reporting system needed Electronic landings tracking</p> <p>100% shoreside monitoring Advance notice of landing Limited ports of landing Electronic IFQ reporting Limited landing hours VMS</p> | <p>Enforcement Program 3 100% at-sea monitors (observers) or cameras Discards allowed if at-sea monitor is present (otherwise full retention) Upgraded bycatch reporting system needed Parallel federal electronic landings tracking</p> <p>Shoreside monitoring opportunity Advance notice of landing Licenses for delivery sites Electronic IFQ reporting Unlimited landing hours VMS</p> |
| Quota Share Tracking | Create a central lien registry but exclude all but essential ownership information (Option 2). | Create a central lien registry including all related ownership information (Option 1). | Same as Program B. |
| B.3.2 Cost Recovery/Sharing and Rent Extraction | <p>Cost recovery for management (not enforcement or science).</p> <p>Up to 3% of exvessel value, the limit specified in the Magnuson-Stevens Act.</p> | <p>Cost recovery for management (not enforcement or science).</p> <p>Up to 3% of exvessel value, the limit specified in the Magnuson-Stevens Act.</p> | <p>Full cost recovery: Landings fee plus privatization of elements of the management system. In particular, privatization for monitoring of IFQ landings (e.g., industry pays for their own compliance monitors). Stock assessments should not be privatized and the electronic fish ticket system should not be privatized.</p> |
| B.3.3 Program Duration and Procedures for Program Performance Monitoring, Review, and Revision (Magnuson-Stevens Act (d)(5)(A)) | A four year review process is specified along with review criteria. Among other factors, the review would include evaluation of whether or not there are localized depletion problems and whether or not quota shares are being utilized. Standard fishery management plan and regulatory amendment procedures will be used to modify the program. | | |
| B.3.4 Data Collection | Expanded voluntary submission of economic data (Option 2). | Expanded mandatory submission of economic data (Option 1). | Expanded mandatory submission of economic data (Option 1). |

Table 3. Comparison of provisions that vary among the IFQ programs.

| Program A | Program B | Program C |
|---|---|--|
| Initial Allocation of Quota Shares, Section B.1.0 | | |
| <i>Eligible Groups:</i> 50% to current permit owners; 50% to processors. | <i>Eligible Group Suboption B-3:</i> 100% to current permit owners. | <i>Eligible Groups:</i> 75% to current permit owners; 25% to processors. |
| | <i>Eligible Group Suboption B-3:</i> Nonwhiting--100% to current permit owners. Whiting--50% to current permit owners; 50% to processors. | |
| | <i>Eligible Group Suboption B-3:</i> 90% to current permit owners; 10% to processors. | |
| <i>Processor Definition:</i> Use special IFQ Program definition (processors: receive and process unprocessed fish; or catch and process). | <i>Processor Definition:</i> Use FMP Definition (processors process unprocessed and already processed fish or receive live fish for resale). | <i>Processor Definition:</i> Same as Program B. |
| <i>Recent Participation Periods:</i> Harvesters, including catcher processors--1998-2003. Shoreside Processors and Motherships--1999-2004. | <i>Recent Participation Option B-1:</i> None. <i>Recent Participation Option B-2:</i> 1998-2003. | <i>Recent Participation Periods:</i> Same as Program A. |
| <i>Weighting Among Years:</i> Use pounds from each year to calculate catch history. | <i>Weighting Among Years:</i> Use percent of total pounds for the year to calculate catch history for each year. | <i>Weighting Among Years:</i> Same as Program B. |
| IFQ/Permit Holding Requirements and IFQ Acquisition, Section B.2.0 | | |
| <i>Rollover to Following Year:</i> 10% for nonoverfished species and 5% for overfished species. | <i>Rollover to Following Year:</i> 30% for nonoverfished species and 30% for overfished species. | <i>Rollover to Following Year:</i> 5% for nonoverfished species and none for overfished species. |
| <i>New entrant provisions:</i> No special provisions. | <i>New entrant provisions:</i> No special provisions. | <i>New entrant provisions:</i> Lottery for new entrants to acquire revoked shares. |
| <i>Community Stability Holdback:</i> None. | <i>Community Stability Holdback:</i> None. | <i>Community Stability Holdback:</i> up to 25%. |
| <i>Leasing:</i> Allowed. | <i>Leasing:</i> Prohibited. | <i>Leasing:</i> Allowed. |
| <i>Transfer Period:</i> Year round | <i>Transfer Period:</i> January-October | <i>Transfer Period:</i> Year round |
| <i>Accumulation Limits:</i> 50% or none. | <i>Accumulation Limits:</i> Consider all limits as suboptions. | <i>Accumulation Limit Suboption C-1:</i> 1% or 5% <i>Accumulation Limit Suboption C-2:</i> 10% or 25% |
| Program Administration, Section B.3.0 | | |
| <i>Enforcement Program 2:</i> 100% at-sea monitoring (observer), discards allowed. 100% shoreside monitoring. Upgraded bycatch reporting. Electronic state landings tracking system. Licenses required for delivery sites. Unlimited landing hours. | <i>Enforcement Program 1:</i> 100% at-sea monitoring (observer), full retention required. 100% shoreside monitoring. Electronic state landings tracking system. Limited ports of landing, no licenses required for delivery sites. Limited landing hours. | <i>Enforcement Program 3:</i> 100% at-sea monitoring (video or observer), discards allowed unless monitoring is with video cameras. Upgraded bycatch reporting. Federal electronic landings tracking system parallel to state system. Opportunity to monitor shoreside. Licenses required for delivery sites. Unlimited landing hours. |
| <i>Central lien registry:</i> Limited to necessary ownership information. | <i>Central lien registry:</i> With all ownership information. | <i>Central lien registry:</i> With all ownership information. |
| <i>Cost Recovery:</i> Up to 3%. | <i>Cost Recovery:</i> Up to 3%. | <i>Cost Recovery:</i> Full. |
| <i>Data Collection:</i> Expanded voluntary. | <i>Data Collection:</i> Expanded mandatory. | <i>Data Collection:</i> Expanded mandatory. |