

TRAWL INDIVIDUAL QUOTA COMMITTEE REPORT ON
UPDATE ON TRAWL INDIVIDUAL QUOTA PROCESS AND CONSIDERATION OF
ADDITIONAL COMMUNITY PROTECTION OPTIONS

The Trawl Individual Quota Committee (TIQC) met Sunday, October 30th and addressed:

- options to address community concerns,
- the overfished species individual quota (IQ) alternative (added by the Council after TIQC scoping deliberations were completed); and
- individual processor quotas.

The TIQC recommends:

- continuing the analysis with
 - a revised community stability holdback Option 1 (consensus recommendation),
 - the creation of a panel of community advisors (consensus recommendation), and,
 - other community impact control mechanisms already included in the package adopted for analysis (consensus recommendation);
- elimination of the overfished species individual fishing quota (IFQ) alternative (consensus recommendation); and
- consideration of an individual processing quota (IPQ) alternative (majority recommendation).

These recommendations and supporting rationale are detailed below.

Options to Address Community Concerns

The TIQC included in its original recommendations a number of design provisions which would benefit communities, such as allowing communities to purchase IQ, limits on quota accumulation, and alternatives which would maintain the division of harvest among the traditional three whiting sectors. The TIQC reviewed the additional options to address community concerns developed at the Council's request (Agenda Item H.11.a, Attachment 3) and has the following recommendations.

Table 1. Community Stability Holdback Options

Community Stability Holdback Option 1 – Quota Pounds for Collaboratives

This option further develops an option already included in the alternatives adopted for analysis.

Recommendation: Include this option with the following adjustments:

- Modify so that collaboratives may be comprised of any quota share holders.
- Clarify that the set aside comes from the shoreside component only.
- Use the example criteria in footnote 6, for the analysis and add criteria to encourage new entrants.

Community Stability Holdback Option 2 – Quota Shares for Communities

Recommendation: Do not include this option for the following reasons.

- The amount of quota shares allocated to a community are not likely to be enough to efficiently manage.
- There is a lack of community interest in this kind of provision and likely local political controversy.
- Overall administrative costs of the IQ program will likely be large. Enforcement and administrative costs of the program are already likely to be substantial in contrast to the potential efficiency improvements and other gains. Addition of this provision may have a substantial adverse effect on the balance of costs and benefits expected from the program while the interest and benefit to communities appears to be limited.

Table 2. Community Advisory Committee

Recommendation: Include this option. Convene the community committee during the TIQ deliberation process and extensively involve it in the program review process.

Table 3. Community Impact Control Mechanisms

Option 1: Prohibit Quota Sales Temporarily

This option is already available for consideration in the package adopted.

Option 2: Geographic Restriction on Transfer of Quota Shares and Quota Pounds (Location of Ownership)

Recommendation: Do not include for the following reasons.

- Appears that individuals moving between communities would have to sell their quota shares and buy quota shares in their new community.

- Divides quota shares into small pools increasing the difficulty of matching catch to quota.
- Increases administrative and monitoring costs while decreasing efficiency benefits and quota values.

Option 3: Area of Landing/Catch Restrictions

Recommendation: Consideration of catch area restrictions to address biological concerns is included as part of the Council’s June 2005 action. The TIQC has previously recommended that area restrictions on IQ be the minimum necessary to address biological concerns. Do not include creation of landing area restrictions or additional catch area subdivision to address community concerns for the following reasons.

- The information necessary to properly manage small areas may not be available.
- Reduces flexibility and ability of industry to respond to changing conditions.
- Increases administrative and monitoring costs while decreasing efficiency benefits and quota values.

Research should be undertaken on the problem of localized depletion and the need for area management. Evaluating whether localized depletion has occurred and determining ways to address identified impacts should be part of the periodic program review process.

Option 4: Limited Entry for Ports

Recommendation: Do not include for the following reasons:

- Restricts flexibility and ability of industry to respond to changing market and environmental conditions.
- Potentially constrains efficiency gains.
- May reduce quota values.

Option 5: Partial Leasing Prohibition

Recommendation: Do not include for the following reasons.

- Restricts flexibility and ability of industry to respond to changing conditions.
- Not consistent with allowing those who do not own vessels to hold quota, does not work for crew, etc.
- Increases administrative and monitoring costs while potentially decreasing efficiency benefits and quota values.

Option 6: Owner-on-Board Requirement

Recommendation: Do not include for the following reasons.

- Restricts flexibility and ability of industry to respond to changing conditions.
- Increases administrative and monitoring costs while potentially decreasing efficiency benefits and quota values.

Option 7: Annual Revocation and Reissuance to New Entrants

Recommendation: Do not include for the following reasons.

- Increases administrative and monitoring costs while decreasing quota values without adding sufficient value to justify it.

Option 8: Distribute Revoked Shares to New Entrants

This option is already available for consideration in the package adopted.

Option 9: Increases in Trawl Allocation Distributed to New Entrants

Recommendation: Do not include for the following reasons.

- TIQC would strongly emphasize that this removes incentives for stewardship.
- Increases administrative and monitoring costs while decreasing quota values.

Individual Quotas for Overfished Species

The TIQC recommends dropping Alternative 6 on overfished species for the following reasons.

1. The alternative controls overfished species while leaving management of other species unaddressed, presumably remaining under a cumulative limit system.
2. The system would perform like a transferable individual bycatch quota.
3. The fishery or individuals could be shut down as a result of a single disaster tow. Because of the concern with this potentially, the TIQC included in its TIQ program alternatives a provision that specifically would not have TIQ for species at very low optimum yields (OYs).
4. The rationalization and efficiency benefits would likely be minimal while full costs of a TIQ program would be incurred.
5. When overfished species recover, the existing management situation will return.
6. This alternative adds complexity to the analysis and it is highly unlikely it will be the preferred alternative.

Individual Processor Quota Alternative

The TIQC voted on the addition of an individual processor quota option, on a motion by Mr. Jay Bornstein.

- 5 in favor
- 3 opposed
- 4 abstained
- 6 absent

Those in favor felt that such an option should be included in order to have a complete package, with a full range of alternatives considered. Those opposed felt that developing full alternatives which included processor shares would be very time consuming and would greatly delay the completion of the environmental impact statement (EIS). Further, processor shares are not currently authorized under the Magnuson-Stevens Fishery Conservation and Management Act and not included in our present contract with Northern Economics.

PFMC
11/03/05