May 14, 2007

Optimum Species-Harvesting Unified Allocation (OSHUA) Plan Proposal

New problem statement: The PFMC's purpose in this regard is to manage fishing effort in order to produce a sustainable fishery. A sustainable fishery means that overfishing is eliminated, that discards are eliminated for marketable species, and minimized for non-marketable species. In addition, a sustainable fishery is also one that is economically sustainable for the fishing fleet.

Each permit holder will receive an individual annual catch allocation (IACA). There will be annual lists for target species/categories, overfished species (bycatch), and unmarketable by-catch (discards). There will be allocations for each target, by-catch, and discard species. These allocations could be leased or loaned, but not sold. An allocation of available catch for each of these categories will be assigned to each permit annually. The annual catch allocations will be established early enough such that each permit holder would be allowed sufficient time to review and appeal the allocation.

The limited-entry (LE) permit system will continue as is. Permits will continue to be bought, sold, and leased. The scope of this plan encompasses the commercial LE, open-access (OA), and recreational groundfish fisheries. OA vessels will be incorporated into the LE permit system by assigning each OA vessel a non-transferable permit. These OA non-transferable permits will be assigned a gear endorsement based on the vessels dominate gear usage during some Council-determined historical catch period. LE trawl permits could be fished using non-trawl gear, however non-trawl permits could not be fished using trawl gear. An individual person, company, or corporation will be allowed to own a maximum of three LE permits. In addition only American citizens may own a LE permit. The target, bycatch, and discard lists could be changed from year-to-year, but not within a calendar year. The discard list, in addition to discard species, will include target species catch that may be discarded.

The actual allocation method, or rules, for target species would be decided on by the council, with most of this effort being conducted by an allocation subcommittee. The only changes allowed from year-to-year would be for sustainability reasons. The allocation for bycatch will be a function of the target species allocation. Example: if the IACA for permit P1 for target species A = 1% and the OY for bycatch species X is 6 metric-tons (mt) then the IACA for permit P1 for species X would be .06 mt or 132 pounds. Discarded catch will be allocated using a Council-determined amount for each species for each tow or set. Each permit holder will be allowed annual discards for each species not greater than their annual number of tows or sets multiplied by this council-approved discard catch rate. Discarded target species catch will be included in this discard catch limitation. Observer data, being the only source for this information, will be used to compute an average discard per species per tow or set, including target species discards.

Establishing the catch allocation for each target species for each permit could be approached in many ways. Using some compilation of catch data is integral to this plan. An annual historical catch window (AHCW) will be established by Council action. Here are a few suggestions. 1.) Use the most recent three years. 2.) Use the most recent five years. 3.) Use five out of the last ten years. The AHCW for species previously classified as over-fished need not be the same as for target species. For allocation purposes catch harvested with a particular permit would be assigned to that permit indefinitely. So, if a permit is sold, the catch history for that permit would go with that permit. If a landing is assigned to two or more permits the catch will be evenly divided amongst the vessel's permits or apportioned using some other method as determined by the Council.

Deciding on the specific scheme to be used to assign IACA prior to the first year will be rather contentious, as most allocations of this type are. However, once the allocation rules have been established by the Council and implemented via federal regulation, then implementing the rules will be straightforward. These allocation rules will include how catch for future years are incorporated. The allocation method prior to the second year will be essentially the same. However, the AHCW used prior to the second year will have changed since the just completed fishing year will now be part of the AHCW. This allocation method will continue in the same fashion for the third and subsequent years. Although this paragraph describes this process using an annual framework, this process would be exactly the same if the IACA were to be set bi-annually. In a bi-annual system each permit would receive the same IACA percentage during both years.

This plan provides for spatial and temporal closures as necessary to prevent localized depletion. The SSC will recommend the areas that will be closed and when. These closures would be gear specific. The existing rockfish conservation area (RCA) closure would continue as is, assuming the status of the stocks continue to warrant the closure. The intent of this part of the plan is to ensure the area and temporal closures is based on the best scientific information. With a new re-constituted SSC, as mandated by the new M-S FCMA, it is assumed that the SSC will be providing that "best scientific information."

This plan includes absolute catch limits for the PFMC recreational groundfish fishery. The recreational sector will have limits on the number of fish caught for four areas: Washington, Oregon, California-North, and California-South. Each of the states will be required to implementation additional recreational fishing regulations. Daily reporting of catch by species will be required of each angler, including those on party boats, and submitted to each state fishery agency via an electronic data collection system installed at each major recreational fishing port. Each angler will be required to have in their possession while fishing an approved species-identification sheet or booklet. Just as in the recreational salmon fishery, the new regulations will require that each catch is recorded on board when each fish is landed. This daily catch reporting will include number of fish discarded by species.

There will be a fixed allocation for research catch. Using historical catch patterns and research plans for the upcoming fishing year, or biennium, fixed allocations by species

will be set by the Council. During the fishing year, research fishing trips will be regulated, and possibly terminated, in order to prevent exceeding these allocation.

The incidental groundfish catch that will occur in non-groundfish fisheries will have a fixed allocation as well. This sector allocation will be based on historical catch rates by fishery plus the projected number of vessels expected in each non-groundfish fleet.

Ensuring that all catch of overfished species would in fact be landed (not-discarded) would be ensured by 100% observer coverage and video on all vessels, including those with observers. Included with the video observation method will be color tagging of each fish of the by-catch species plus logging each fish immediately upon identification in a log separate from the trawl log. There will be no revenue transferred to the fisher for this by-catch of overfished species.

Un-marketable by-catch would continue to be discarded. Estimates of this discarded catch will be generated via the 100% observer coverage. A good faith agreement between fishers and the Pacific Fishery Management Council will be an effective additional mechanism to minimize discards of un-marketable catch. Each fisher will be asked to sign a statement, prepared by the PFMC staff, whereby the fisher will agree to make every effort to avoid discards. The fisher will not receive his annual allocation unless the agreement is signed. A signed agreement will be required each year. In addition, this good faith agreement will include a section stating that the fisher agrees to record accurate information in their trawl logbook. This agreement would also state that the fisher agrees to keep one, and only one, logbook that documents their fishing activity.

Each fishing vessel receiving an annual allocation will be required to make marine debris removal (MDR) trips. The permit owner will be paid by volume, weight, or some other reasonable measurement. Each permit owner will be required to make a Council-specified number of MDR trips per month. The permit owner may lease his MDR opportunity. The debris will be re-cycled via the existing, or improved, marine re-cycling facilities located at all major ports. Fishing trips and MDR trips would be separate events.

Under this plan there will be one Groundfish Allocation Committee (GAC) with two primary tasks. The first task will be the top level allocation, which will recommend annual allocations for commercial LE, recreational, tribal, research, and incidental non-groundfish fisheries. The allocations for tribal, research, and non-groundfish fleets will be essentially automated. The only negotiated allocations will be the commercial vs recreational allocations. The second task will be overseeing the annual allocation to each LE permit.

This plan includes a provision for a percentage hold-back for new entrants to enter the fishery. Each year the Council will decide whether there will be a hold-back of target species for new entrants and what that percentage will be. Once the fishery has recovered sufficiently such that OF species have been become target species and OYs have increased for all target species then it would be reasonable to expect the Council to withhold some percentage for new entrants.

Discussion:

The following question has been raised many times by many reviews. Why allocate annually using the OSHUA model and not allocate one-time only as a transferable IFQ (TIFQ) model would? First of all, OSHUA is an individual fishing quota (IFQ) plan. It also qualifies as a limited access privilege (LAP) as defined by the M-S FCMA of 2006.

The issue at the center of this question is one of fairness and also one of sustainability.

The OSHUA model will produce much more equitable allocations while the TIFQ model will not. Because over-fished (OF) species IACA is distributed equally relative to target IACA all participants will be required to avoid OF species on an equal basis. Whereas the one-time allocation in the TIFQ model requires that the OF species QS be based on historical catch, which will produce very unequal OF species QS relative to target QS. This inequality will force many fishers to lease or sell their target QS almost immediately. The one-time nature of the TIFQ QS allocation will not allow many of the permit holders to ever recover from this initial one-time unequal allocation of OF species. However, the OSHUA IACA for OF species will allow fishers to prosecute the target species on an equal basis. Unfair management regulations, including an unfair initial one-time allocation, are one of the reasons some fishers will engage in unsustainable fishing practices. The fisher feels marginalized, victimized, and proceeds to discard good fishing practices.

The other possibility is that a TIFQ implementation might include a one-time OF species QS using the QS for the target species. This is unlikely, but possible. This would allow for an equitable sharing of OF species QS. But once the OF species becomes a target then the one-time allocation is now grossly unfair since it does not reflect the permit's catch history of the target species prior to the period the species was over-fished.

The OSHUA plan allows for the changing status of a species: from OF to target and target to OF, while the TIFQ model does not. The sustainability of this particular fishery is dependent on the ability to discriminate between target status and OF species status when granting allocations.

The Magnuson-Stevens Fishery Conservation and Management Reauthorization Act of 2006 (Act) states in section 303A that a Council may submit, and the Secretary may approve, for a fishery that is managed under a limited access system, a limited access privilege (LAP) program to harvest fish if the program meets the requirements of this section. One of those requirements is that there be no creation of a right, title, or interest in any portion of the allowable harvest. This section of the Act also states that any limited access privilege, quota share, or other limited access system authorization established, implemented, or managed under this Act may be revoked, limited, or modified at any time in accordance with this Act, including revocation if the system is found to have jeopardized the sustainability of the stock or the safety of fishermen. The Act also states that any LAP shall not confer any right of compensation to the holder of such limited access privilege, quota share, or other such limited access authorization if it is revoked, limited, or modified. The Act includes the requirement that any LAP shall not create, or be construed to create any right, title, or interest in or to any fish before the fish is

harvested by the holder. The Act continues on stating that any LAP shall be considered a grant of permission to the holder of the limited access privilege or quota share to engage in activities permitted by such limited access privilege or quota share.

Allowing the quota share of an individual fishing quota (IFQ) to be transferable gives the holder of the quota share a right to sell that quota share. This right to sell quota share in essence constitutes ownership. Once the first transaction for a particular quota share has occurred the buyer, having invested a significant number of dollars, will view the quota share as property. And rightly so! This first-round buyer will have exchanged dollars for quota share, which he will consider no different than land or corporate stock shares. Although this law states that an LAP may be revoked at any time in accordance with this Act, once the first transaction has occurred, revoking this LAP will be near to impossible. Revoking an LAP from a fisher who has spent $100,000 to purchase quota share would in fact be stealing $100,000 from the fisher. So we have a conundrum, which is in fact an illogical construction. This law says nothing directly about transferable IFQs. However, the restriction that "no creation of right, title, or interest" is allowed implies that allowing fishing quota shares to be transferred via the marketplace is not allowed.

The law requires that the Council manage the fishery with the goal of achieving sustainability. For the Council to get involved in manipulating the market flow or any other aspect of the fisher-processor economic relationship is a mistake. The Council does not have sufficient resources to adequately monitor, assess, and allocate OY for the 100-or-so species. To spend any resources on fisher-processor issues that are best left to the economic market place, is not a wise use of the very limited resources available. The Council should focus all of its resources on the relationship between fish and fisher and remove itself from fisher-processor concerns. The OSHUA plan addresses only the relationship between fish and fisher.

Individual responsibility is an American quality that most people consider desirable. However nearly all of the issues crowding the various DAP/IFQ agendas are about the opposite of individual responsibility. They are about how individuals will be taken care of by this or that policy, or co-op, or set aside. They are about how, if the group goes over the OY for an OF species, OY for the OF species might magically appear. The OSHUA plan focuses entirely on individual responsibility. The foundational belief of the OSHUA plan is that if each fisherman is given individual responsibility for his segment of the fishery then a sustainable fishery will be achieved naturally regardless of the success or failure of any particular fisherman. A plan based on individual responsibility and rewards for successful fisherman will, without a doubt, produce a sustainable fishery.

The law requires that management regulations maximize benefits to the nation while not over-fishing. The single best way to maximize benefits to the nation is to fish sustainably. The lost economic opportunity that has resulted from the OF species situation of the last few years is considerable. Another way to maximize benefits to the nation would be to eliminate unprofitable protected businesses. Implementation of the OSHUA plan will produce a sustainable fishery and by extension will maximize benefits to the nation. The OSHUA plan provides natural mechanisms for weeding out unprofitable businesses.

Fisherman and fisherman-processor co-operatives, as they have been discussed, will require a considerable NMFS regulatory expense. The funds that would be spent in this regulatory process would be better spent on fishery monitoring, assessments, and allocation. The various IFQ options all specify that NMFS would expend considerable sums in tracking IFQ transactions, ensuring that caps on consolidation are not exceeded, and monitoring the catch inseason. The OSHUA plan eliminates the IFQ transaction tracking expense, but will have expenses for caps and inseason real-time catch accounting. In general the OSHUA plan minimizes regulations which will free up NMFS funds for monitoring, assessment, and allocation.

Although in a few cases protecting an industry from the economic marketplace is desirable, protectionism is generally not helpful. Protectionism always ends up costing the taxpayers and consumers more. Those industries that are being protected must eventually compete in the real economic world rather than an artificial one. The shoreside pacific whiting fishery is currently a protected industry. Under OSHUA this fishery will be incorporated into the commercial LE fishery. There has been some discussion regarding maintaining fleet diversity. If a fishing business is not profitable then it helps no one to implement regulations that keep unprofitable operations in business. It would be better for fisherman that cannot make a profit in the current environment to either sell their LE permit or lease their IACA to profitable fisherman. If they lease their IACA rather than sell their LE permit the future may produce a more favorable business climate allowing them to fish their IACA.

There have been suggestions that as much as 20% of the total OY be set aside for communities. If this were done this would be protecting communities at the expense of the fishing industry. Forcing fisherman to fish in certain areas in order to protect communities would produce unprofitable operations. Assigning OY allocations to processors would also constitute industry protection. Fishers must be allowed to choose the processor that best fits their business needs. These needs include location, ex-vessel price, and general likeability. The bi-monthly trip limit is an example of an industry protection for the processor industry at the expense of the fisherman.

One of the reasons that overfishing exists is because we protect unprofitable fishing and processing operations. A sustainable management plan like OSHUA will provide incentives for unprofitable fisherman to either lease their IACA or sell the LE permit.

Under this plan many of the unresolved issues listed in the October 18-19, 2006 GAC meeting minutes would be obviated. Items 1a, 1b, 1c, 1d, 1f, and 2 would no longer be issues since they would naturally be handled as part of the annual allocation to each LE permit.

The IFQ options being studied will not produce a sustainable fishery. Overfishing of overfished species would continue due to the complexity of the options being considered. Discards of overfished species would continue. The method being proposed to observe the potential discard of overfished species is inadequate. None of the options include

logging and color tagging each fish caught. The fleet will not be economically sustainable.

A sustainable fishery can not be achieved unless there are absolute limits on total removals of each species/stock and those limits must correspond to the ABC/OY established via the stock assessment and sector allocation process. The goal is a sustainable fishery and that means the catch allocated to the various sectors can not be exceeded by any sector. It is no different then allocating catch to a commercial permit – once the allocation for a species is reached then no more catch is allowed for that permit. The same kind of limits must be implemented for the recreational sector: maximum number of anglers and maximum limit on number of fish per angler. For some species the recreational catch now exceeds the commercial catch. These are, for the most part, the overfished species. This plan is designed to maximize the catch for each commercial permit up to the allocation limits. This plan has no provision for reducing the commercial catch if the recreational catch exceeds the pre-season sector allocation.

This plan includes absolute catch limits for the PFMC recreational fishery, otherwise achieving a sustainable fishery will be impossible. It makes no sense to allocate catch to individual sectors and then allow one sector to exceed its allocation. The goal is a sustainable fishery and that means the catch allocated to the various sectors can not be exceeded by any sector

This plan will provide a natural incentive for those that minimize bycatch and a natural disincentive for those that continue to catch overfished species. Those who avoid overfished species bycatch would receive a larger allocation of target species catch in future years compared to those who don't. This is because those who avoid bycatch will tend to maximize their catch of target species. The annual allocation process would reflect this adjustment, or re-alignment.

This plan will require that all marketable species catch, including OF species bycatch, is delivered and processed. Landing all bycatch will improve catch accounting. Estimates of OF species catch will no longer be dependent on statistical methods applied to samples of catch. Fisherman will be happy about this as well since the catch accounting of OF species will be the same as for target species. Landing all bycatch will increase the number of fish available for biological sampling. As it is now, the number of biological samples of OF species is simply inadequate, and statistically biased, since all potential samples in the non-whiting shoreside fishery are currently discarded.

Assigning a fishing mortality limit to all species, including discard species, is required by the M-S FCMA of 2006. The method included in this plan promotes more tows or sets rather than fewer tows or sets, since the discard species allocation is per tow or set. The result of more tows or sets rather than fewer tows or sets will be shorter tows and sets. Shorter tows or sets will yield smaller amounts of bycatch and discards. And for trawlers shorter tows will save fuel and will reduce habitat destruction. Habitat destruction will be lessened because smaller codends will be less likely to drag on the seafloor.

The PFMC has been in the business of allocating since the very beginning. The Council will continue with sector allocation in addition to allocating catch to individual permits. The sector allocations required will be reduced to a total of five sectors (three from the current eight sectors plus two minor sectors not currently receiving allocations). Combining the LE trawl and non-trawl, OA, and the three whiting sectors into a single sector will produce savings of many hours of Council time, PFMC staff time, and NWR staff time. Eliminating separate sectors for LE non-trawl and OA eliminates the confounding catch-accounting problem of vessels moving from one sector to another depending on the fishery in which the vessel is participating.

This plan will keep as many fishers as possible fishing while allowing those fishing operations that are no longer viable to sell out.

Implementation of this plan will reduce habitat destruction. With an annual allocation fishermen will be more likely to operate in fishing areas where they know they can catch their target allocation. The fishermen will not have an incentive to search out new unfished areas. The first tow in a previously unfished area causes most of the damage - it causes more damage than all subsequent tows combined.

This plan will minimize the analytical work, in particular the analysis required by NEPA and the SFA, since no new amendments to the groundfish FMP will be required. This will allow the implementation of this plan much sooner than other plans that require considerable analysis in order to comply with NEPA and SFA.

Fishermen co-operatives should be discussed by the Council and NMFS, but there should be no rules regulating co-operatives. Attempting to regulate fisherman co-operatives creates too much complexity and restricts private enterprise. Workshops, funded by NMFS, should be employed to inform fishers about the advantages and disadvantages of co-ops and how to form them. These fisherman co-operatives may not be the most effective method to prosecute the fishery.

Fishermen Co-ops, as they have been implemented on the westcoast and proposed to the Pacific Council, are nothing more than a modern-day feudal system. A feudal system is one where the peasants give away some of their freedom in return for protection from the lord of the land. Co-ops emulate this arrangement because the fishermen are giving away their opportunity to gain a larger share in future years through low bycatch. In a co-operative those who maximize target catch and minimize bycatch are not reward in future years. Instead, the reward is distributed by the co-operative (i.e. the corporation) based on unknown criteria. Co-ops are anything but co-operative, rather they are dominated entirely by the corporate, fish-processing partner.

Bi-monthly catch periods will be eliminated. Bi-monthly catch periods have produced “product glut” at various times, which produces negative economic impacts for the entire fishing community. Bi-monthly catch periods have exacerbated the OF species discard problem.

Latent effort would be reduced, thus allowing more of the target species allocation to be harvested and processed. Under OSHUA permits must be fished or they will lose their value and eventually become worthless.

Under this plan the pacific whiting fishery (both at-sea and shore-side) would operate under the same by-catch limitations as the rest of the LE trawl fleet.

Since this allocation process would be conducted annually or biannually, there will be the opportunity to make adjustments on each succeeding cycle. This should create an atmosphere that is less contentious, since any "injustices" would be rectified on the next cycle.

Tribal fishers should be supportive of this plan since all PFMC groundfish stocks would be improved and their status would move toward sustainability.

Salmon and halibut bycatch will be handled as it is now. Those fisheries that retain it will continue to do so and those that release (discard) will continue to do that as well.

The idea behind the good faith agreement is that the act of signing a document is stronger, and holds more weight, then simply talking about avoiding discards.

Which agencies would implement OSHUA?

1. The Allocation method would be recommended by the council and implemented by NMFS. The allocation committee, and PFMC staff would do essentially all of the analysis. The actual allocations would be implemented via the usual federal regulation. This would include notifying permit holders of their allocations and providing for a reasonable review and appeal period. The 100% observer coverage and the video coverage would be the responsibility of NMFS. NMFS and the fishing industry will share the observer coverage cost 50/50.
2. The LE buy/sell process would be the same. This is handled by NMFS.
3. Commercial catch reporting will be handled by the NWR in a manner similar to the IFQ reporting that has been implemented by the AKR. It is highly recommended that the NWR use as much of that automated system as possible in order to minimize costs and to ensure a timely implementation. The fish-ticket, logbook, and observer data collection would continue as is. These three systems serve their own purposes and can not be replaced by this OSHUA catch reporting. This OSHUA catch reporting system would require area-of-catch. The granularity of these catch areas would be determined by the PFMC SSC. These catch records would consist of confidential information and would be handled in the same manner as fish-ticket records. Reporting would be for each tow including both animal and non-animal "catch". These records would document where contact with habitat has occurred. Each tow report would include catch discarded by species/species category. The list of species/species categories would be similar to the list developed for the trawl logbook.
4. Enforcement of commercial LE fishery : when IACA is attained…..

5. Recreational catch reporting will be handled by the NWR. This catch reporting will include species, gear, area, date, weight of fish, and length. Each fish will be recorded separately. All fish will be landed whole. The SSC will establish the recreational catch areas. This data collection will have electronic data collection stations at each major port such that no less than 90% of the catch will be handled by these automatic installations. Provisions will be made for collecting this data via an internet application as well as regular mail. This data collection system will be a real-time system designed to meet the needs of effective Council management.
6. Enforcement of recreational catch limits for each angler will be handled by NOAA enforcement. NOAA will publish the species-identification sheet or booklet and distribute it to major ports and recreational fishing supply stores via state fishery agencies.
7. All data obtained by the NWR from this recreational fishery will be shared with state fishery agencies as non-confidential data.
8. Marine debris removal (MDR) will be funded by NMFS.

How would OSHUA work for 07-08 Management Measures?

Video and 100% observer coverage are critical aspects of this plan and can not be eliminated. Therefore, unless these two requirements are met, this OSHUA plan could not be implemented for 07-08 management.

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CITY OF MONTEREY

HARBOR/MARINA DIVISION

June 1, 2007

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JUN 04 2007

PFMC

Mr. Donald K Hansen
Chairman Pacific Fishery Management Council
7700 NE Ambassador Place Suite 101
Portland OR 97220

RE: REQUEST TO INCLUDE AN ADAPTIVE MANAGEMENT TRUST ALTERNATIVE IN THE GROUND FISH TRAWL DEIS

Dear Chairman Hansen and Council members:

Fishing communities such as Morro Bay and Monterey are concerned that adoption of an Individual Quota program in the ground fish trawl fishery will cause economic disruptions and further consolidate fishing effort into areas where buyers want the fish landed. As you know, all of the local trawl permits in the Morro Bay area have been acquired by a private NGO at this time in Morro Bay and currently the abundant ground fish resources in this area are not being harvested. There are many reasons why the local trawlers chose to sell their permits, but lack of resource here was not one of them. The Morro Bay community is working hard to maintain its infrastructure and to restore ground fish landings in Morro Bay. I am writing to ask for your help to hold a place for small coastal communities such as Morro Bay.

I am writing to ask you to support analysis of an option in the upcoming DEIS for the ground fish trawl IFQ program that would meet adaptive management and public trust objectives. This adaptive management option, which could be funded by holding back a small portion of the quota, could help meet social and conservation goals that will not be met by the alternatives as they now stand. An adaptive management trust alternative will provide communities like Morro Bay a chance to retain its heritage and the viability of the port while a transition to a new management system occurs.

Thank you for your consideration.

Steve Scheiblauer

Stephen B. Scheiblauer
Harbormaster, Monterey Municipal Marina

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PFMC

May 29, 2007

Mr. Donald K Hansen
Chairman Pacific Fishery Management Council
7700 NE Ambassador Place Suite 101
Portland OR 97220

RE: REQUEST TO INCLUDE AN ADAPTIVE MANAGEMENT TRUST ALTERNATIVE IN THE GROUND FISH TRAWL DEIS

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Fishing communities such as Morro Bay are concerned that adoption of an Individual Quota program in the ground fish trawl fishery will cause economic disruptions and further consolidate fishing effort into areas where large buyers want the fish landed. As you know, all of the local trawl permits have been acquired by a private NGO at this time in Morro Bay and currently the abundant ground fish resources in this area are not being harvested. There are many reasons why the local trawlers chose to sell their permits, but lack of resource here was not one of them. We are working hard to maintain our infrastructure and to restore ground fish landings in Morro Bay, but we need your help to hold a place for small coastal communities.

We are writing to ask you to support analysis of an option in the upcoming DEIS for the ground fish trawl IFQ program that would meet adaptive management and public trust objectives. This adaptive management option, which could be funded by holding back a small portion of the quota, could help meet social and conservation goals that will not be met by the alternatives as they now stand. An adaptive management trust alternative will provide communities like ours a chance to retain our heritage and the viability of our port while we transition to a new management system.

Thank you for your consideration.

Rick Algert
Harbor Director

RA/sl

PACIFIC MARINE CONSERVATION COUNCIL

June 5, 2007

Mr. Donald K. Hansen, Chairman
Pacific Fishery Management Council
7700 NE Ambassador Place, Suite 200
Portland, Oregon 97220-1384

Re: Groundfish fishery rationalization E.9.d

Dear Chairman Hansen,

Thank you for the opportunity to testify on behalf of the Pacific Marine Conservation Council (PMCC).

PMCC is a west coast wide nonprofit conservation organization now in our tenth year. Founded by a group of progressive fisherman, marine scientists, and conservationists we undertake activities that link Science, Policy, and Community to benefit the marine environment and the people and livelihoods connected to the sea. Our mission is focused on conserving healthy and diverse fisheries and marine ecosystems, and the coastal communities that depend on them.

The diverse board of directors at PMCC strives for understanding and consensus. There are few issues that have ignited controversy and brought out the passion of the Board like the development of a trawl-only individual fishing quota (IFQ) system for the West Coast groundfish fishery.

PMCC's initial reaction a few years ago was skeptical to say the least that a trawl IFQ system could effectively address the problem statement published in the Federal Register. The problem statement was primarily about the constraints and inequities related to the incidental catch of overfished species. Not only did it seem that bycatch of overfished species might not be reduced by an IFQ per se, but the program development seemed to be used as an excuse to avoid taking other available bycatch reduction measures.

We feared that the preferred alternative of the Bycatch Program environmental impact statement (EIS), the subsequent adoption of the Groundfish Fishery Management Plan (FMP) Amendment 18, and the timely implementation of non-IFQ features of each might take a back burner to the trawl IFQ. We felt strongly, and still maintain that focused bycatch reduction measures such as sector total catch limits and cap and trade systems could provide effective incentives to avoid

the rebuilding fish populations. IFQs in themselves would not achieve these ends, unless they included specific features that would drive the market appropriately.

PMCC was concerned that the groundfish fishery was moving toward a rationalization based primarily upon economic efficiency, sort of an adjunct to the trawl buyback, and that social equity issues might at best be tertiary afterthoughts. After all the program design committee was dominated by representatives of the trawl industry and processors. Later, a seat was included for community interests. But this was hardly a group that was expected to ensure fleet diversity, opportunities for small fishing businesses and new entrants to the fishery, and community stability in the wake of industry consolidation. It stands to reason that individuals appointed to represent special interests would properly do just that.

PMCC believes that the public deserves rent for the granting of access to the public's resource. That's why we've objected to that inadequate public representation on the design committee.

Market-based programs can be designed with a variety of outputs. If the primary drivers for such programs are improving ocean health and making for more abundant fisheries, then incentives for delivery of measurable ecological benefits should be central to the program design, as should disincentives for poor performance in avoiding bycatch and protecting habitat.

As this process moved forward, some positive (from PMCC's point of view) elements were brought forward for analysis, including

- 100% observer coverage.
- Consideration of area-based quota.
- Permitting trawlers to access their quota with more selective and less destructive gear.
- A percentage holdback of quota to benefit fishery-dependent communities.
- Rejection of gifting harvest shares, beyond permit qualifications, to processors.
- Consideration of processes for adapting future management to respond to unexpected consequences and improved scientific understandings.

It was starting to seem that with most of these features included, and the standards of the new Magnuson-Stevens Act amendments adhered to, an IFQ program might emerge that PMCC could tolerate, if not embrace. We decided to take another close look at these issues at our May 2007 board meeting.

The board **did not** move to embrace what is currently under consideration. The consensus was that advocating for essential design features to be tacked on to a trawl-only IFQ was similar to, if you know the expression Mr. Chairman, putting lipstick on a pig. The integrity of PMCC's solution went back to the high road of insisting on a more comprehensive rationalization,

We've examined Mr. William Daspit's work to create an alternative to a trawl-only IFQ system, the Optimum Species-Harvesting Unified Allocation (OSHUA) Plan Proposal. The latest version of OSHUA is in your briefing book. Mr. Daspit has, as a private citizen, actually formed the only alternative before us that is designed foremost from the public interest. He has reached out for review to a broad spectrum of those interested in the west coast groundfish fishery.

OSHUA addresses the original problem statement better than anything else on the table. It also appears to be more effectively address the goals and objectives for this rationalization as adopted by the Council. We realize that there are concerns about the practicability of some of the program features, but the PMCC board felt that Mr. Daspit's work is admirable, should not be dismissed out of hand, and in fact should be taken into the process and further analyzed as a reasonable alternative.

Beyond its own merits the OSHUA approach should be a wake up call that there are a variety of ways to create a comprehensive rationalization of the west coast groundfish fishery. PMCC urges the Council to take a step back and to re-evaluate what the primary intentions of rationalizing the groundfish fishery.

PMCC is troubled that this process has gone down a path that eliminates reasonable alternatives relative to the Problem Statement even before the National Marine Fisheries Service has issued a draft EIS. This does not seem to be consistent with the National Environmental Policy Act and the regulations of the Council on Environmental Quality.

For additional perspective on PMCC's view of this issue, I'm attaching an Op-Ed authored by PMCC President Charlie Hanson on behalf of the Board of Directors.

Respectfully submitted,

Peter Huhtala
Senior Policy Director

May 23, 2007
Opinion Editorial – Intelligent Design: Managing as if the Oceans Mattered
By Charlie Hanson, President, and the Pacific Marine Conservation Council Board of Directors

In a hurried and misdirected effort to protect west coast marine fish, the federal government is about to make a few fishermen very rich at the expense of coastal communities and consumers. In June, the Pacific Fishery Management Council plans to lock in some key design elements of what is called the groundfish trawl individual quota program, giving owners of trawl permits long-term exclusive access to the bulk of many commercially caught species. Fishery managers are missing the mark.

At stake are healthy marine ecosystems and sustainable fishing communities. The federal plan jeopardizes fisheries for a number of west coast rockfishes, lingcod and other bottom fish, and the restoration of overfished populations from Northern Washington to Southern California.

The government proposes to give catch shares in the sea to the very sector of the fishing industry that massively over-harvested coastal fishes some twenty years ago. No conservation outcomes are guaranteed from the trawl quota program, and fishery managers will inevitably undermine efforts of fishermen who are already fishing sustainably. Having catch shares is supposed to encourage fishermen to be better environmental stewards. But there are few incentives for conservation in the current plan. The government should reward those fishermen with a track record of conservation, rather than those with a track record of overfishing.

The nation's leading oceans experts now recognize the need for an ecosystem-based management approach. We agree. Conservation incentives matter if we are to create long-term health and wealth in west coast fisheries. We need a management system that encourages sustainability by eliminating overfishing, reducing waste, and promoting viable coastal fishing communities.

Federal fishery managers propose to privatize west coast groundfish fisheries, by taking what has long been a public resource and apportioning a substantial part of it to trawl fishermen. The West Coast groundfish fishery is complex, both in diversity of species and gear types. If market-based tools are to be used in management, they must encompass the entire fishery, rewarding fishermen who use the most selective gear and techniques.

We need to ensure that economic rewards are coupled with ecological health. Market-based policies can only do this if designed with conservation as the driver. We would support a market-based plan that is comprehensive and provides strong incentives to achieve the federal government's mandate to encourage a sustainable fishery.

If we want to eat wild and sustainable seafood, we need healthy ecosystems and healthy fishing communities. Poorly designed management plans will only hasten the decline of both.

Pacific Marine Conservation Council is a non-profit fisheries conservation organization founded in 1997. With a diverse board of directors comprising fishermen, community activists and marine scientists, we advocate for ecosystem-based management that fosters sustainable fishing communities. Visit www.pmcc.org