

GROUND FISH ADVISORY SUBPANEL REPORT ON FINAL ACTION ON WIDOW
ROCKFISH REALLOCATION AND DIVESTITURE ISSUES

The Groundfish Advisory Subpanel (GAP) received a presentation from Mr. Jim Seger on the widow rockfish reallocation and divestiture issues. We offer the following comments and considerations.

Widow Rockfish Reallocation Alternative

The GAP spent many hours discussing widow rockfish reallocation and ultimately failed to reach a consensus. Options 1, 2a, 2b, 3, and 4 were each supported by members of the GAP or industry in attendance. In lieu of a specific recommendation the GAP offers the following rationale put forth by proponents for each of the alternatives.

Alternative 1 (no action) – This is the easiest option to implement and provides certainty to quota shareholders in that they know what they will receive. The no action alternative could free up time and resources that would otherwise be spent on this issue to dedicate to something else.

A related issue is that reallocation will allocate quota share based on catch history associated with limited entry permits. The reallocated widow rockfish quota will be allocated to the quota share accounts originally created by those limited entry permits when the individual fishing quota (IFQ) program was implemented – and not to the quota share accounts of the current owners of those limited entry permits. This may be a problem given that limited entry permits have been transferred among participants since the initiation of the IFQ, however, in anticipation of this situation many permit transfers involved contractual arrangements to resolve reallocation issues such as this.

Alternative 2 (allocate to historic participants) – Several members of the GAP and public spoke to the importance of reestablishing a widow fishery and giving preference to those who fished it historically. Some supporters of option 2 oppose option 3 which would reallocate widow (in addition to buyback fish which will already be reallocated) to those who had not previously fished it, and feel that there is no clear nexus between non-whiting revenue and widow rockfish allocation. Had widow been allocated as the rest of the species in the program, it would have been allocated most similarly to alternative 2 (it was a target during the window period except 2003, then overfished until implementation, then rebuilt almost immediately).

Suboption a – This option most closely mirrors what would have been done if widow was allocated as a target in 2010 like the rest of the target species. Proponents view this option as the most fair and equitable distribution because landings of widow rockfish during whiting trips were not counted as target catch. The allocation formula used in 2a helps rectify this.

Suboption b – This option is based on setting the acceptable biological catch (ABC) equal to the annual catch limit (ACL). An ACL of 2000 mt is artificially constrained for precautionary reasons. Proponents believe that it is more appropriate to use the higher number.

Alternative 3 (recent non-whiting revenue as a proxy for current participation and dependence on the fishery) – Proponents of option 3 feel that it does the best job of meeting the allocation criteria, particularly related to current harvest/participation. We are now far removed from the initial window period (1994-2002 in this case) and given that widow was overfished from 2002-2011 and largely off limits, the best way to capture current participation is through overall non-whiting groundfish revenue.

Option 4 (pounds neutral approach) – This option provides certainty to all participants and represents a compromise between recent years and reestablishing a target fishery.

Widow Divestiture QS Delay

Regardless of which approach the Council takes relative to reallocation, the GAP did reach consensus that Widow Delay Suboption B is most appropriate. Providing 12 months to divest under the single species cap for widow is sufficient. Requiring the same November 30, 2015 deadline as for other species would prove unduly onerous and provide inadequate time.

Aggregate Divestiture QS Delay

After lengthy consideration, a majority of the GAP supports Suboption D (delaying divestiture until the 5-year review). The GAP views its charge as providing recommendations to the council that will ultimately result in an economically viable fishery. It is unanimous that at present the non-whiting IFQ program is far from meeting its economic objectives. The majority felt that economic studies and comparisons to other rationalized programs which are economically successful show that aggregate caps may be a constraint to the economic success of our program. Therefore, the majority felt that the issue should be analyzed in depth during the 5-year review along with all other aspects of the program to determine whether divestiture is a potential constraint to economic success. We will lose the opportunity to analyze the impacts of the aggregate cap if we memorialize it in November 2015 as currently structured.

A minority of the GAP believes we should stick with the current timeline. They believe that it is unfair that some entities will be allowed to continue to hold quota in excess of caps while others will not be able to buy additional quota to hold a similar amount. They further believe that extending the deadline is contrary to the intent of the program, that the issue was thoroughly vetted as part of the original program, and that no additional analysis is needed.

Divestiture Abandonment Suboption – The GAP reached consensus that forfeiture of quota in excess of caps should be allowed. If forfeiture were not allowed, it could result in a draconian outcome where NMFS takes species in excess pro rata resulting in loss of valuable species. Since there may be little to no demand for some species they may be impossible to divest through the market leaving forfeiture as the only realistic option.

PFMC
04/15/15