

GROUND FISH MANAGEMENT TEAM (GMT) REPORT ON WIDOW ROCKFISH REALLOCATION AND DIVESTITURE ISSUES

The Groundfish Management Team (GMT) thanks Mr. Jim Seger for the overview and discussion of the widow rockfish reallocation initiative. We provide the following comments.

Background

During development of the Trawl Rationalization Program, the catch history of each limited entry permit (LEP) was used to calculate a quota share (QS) for each LEP. The National Marine Fisheries Service (NMFS) implemented the program by depositing that QS into QS account(s) for each permit owner (Figure 1). Vessels registered to a trawl-endorsed LEP would establish a vessel account, and the QS account owner could move quota pounds (QPs) into one or more vessel accounts, according to business agreements.

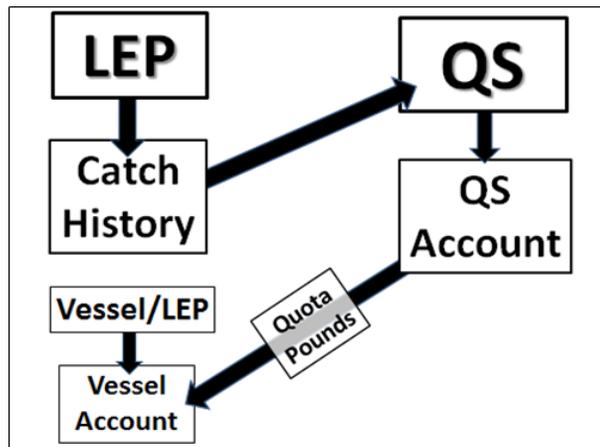


Figure 1 . Summary overview of how Limited Entry Permit (LEP) catch history contributes to initial quota share (QS) issuance, and how QS is transferred to annual vessel accounts via quota pounds (QPs).

There are two types of accumulation limits that govern the amount of QS allocated to each LEP. Control limits that apply to the QS individuals can control within and across QS accounts. Vessel limits apply to the amount of QP that can be transferred to a vessel account in any single year. On a poundage equivalent basis, the vessel limits on QP are generally 50-100 percent greater than the control limits applying to QS, which is intended to allow vessels greater flexibility to meet their annual harvesting needs.

The moratorium on QS trading expired at the end of 2013 for all IFQ species except widow rockfish. This kept QS for widow rockfish in the QS accounts to which it was initially allocated (at the start of trawl rationalization in 2011), regardless of sale/movement of the LEPs that were owned and subsequently acquired the initial QS.

Widow Reallocation Alternatives

The alternatives shown in [Agenda Item E.6, Attachment 1](#) (April 2015) can be classified as reallocating QS based on bycatch rates (status quo, Alternative 1), historical participation in the widow rockfish midwater fishery (reallocation Alternative 2), a mixture of historical and recent participation (reallocation Alternative 3), or a mixture of status quo and historical participation (reallocation Alternative 4). The GMT notes that 2002 landings history was included in Alternatives 2, 3 and 4 even though non-whiting midwater trawling was permitted only during November and December, as the GMT pointed out in [Agenda Item J.2.b, Supplemental GMT Report](#), November 2014. In that November 2014 report, the GMT described 2002 as a period of transition from the targeting period (1993–2001) to the bycatch period (2003–2010).

The GMT worked with Mr. Jim Seger and Dr. Ed Waters to evaluate the impact of removing 2002 landings from the historical period (Figure 2). This analysis entailed comparing the average annual share of widow rockfish landings for each LEP during 1994–2002 (x-axis) to the average annual landings share for each LEP under a landings history period of 1994–2001 (i.e., dropping the 2002 catch histories; y-axis). Widow rockfish landings history is a major component of the formula used to calculate QS allocations under reallocation Alternative 2, and to a lesser extent under Alternatives 3 and 4. Figure 2 shows that although a greater number of permits would receive somewhat larger QS allocations by dropping 2002 from the landings history period, on average the permits receiving lower QS allocations would be proportionately more greatly affected (i.e., they would lose more QS on average than the average amount gained by the permits receiving higher QS allocations). However, the shifts (both positive and negative) are generally less than 0.5 percent.

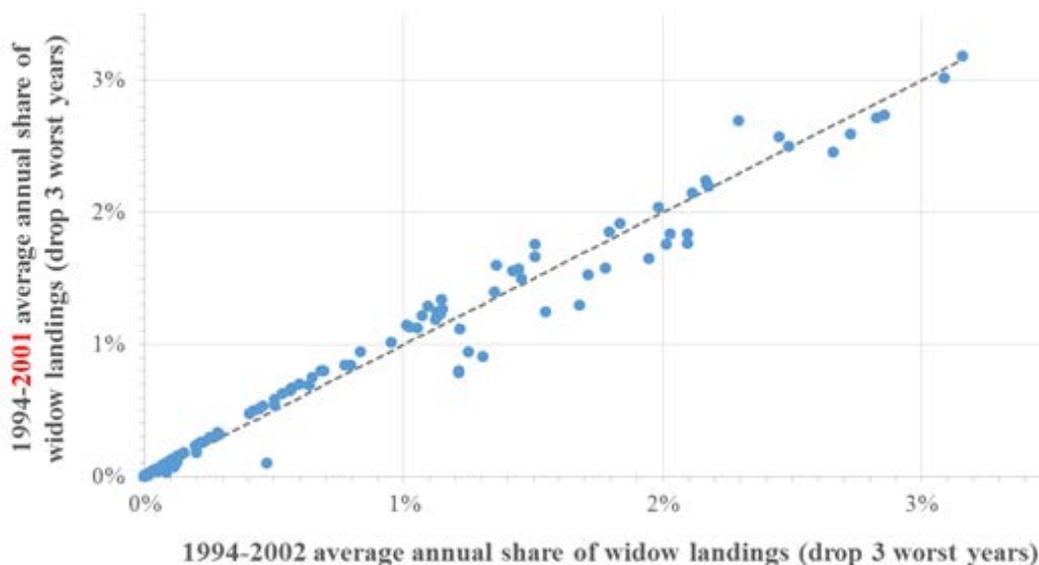


Figure 2 . Widow rockfish landings shares by LE permits with non-zero widow landings in the non-whiting fishery. The x-axis represents average landings shares (relative pounds) by permits based on 1994–2002 widow landings after dropping the three lowest years. The y-axis represents average landings shares (relative pounds) by permits based on 1994–2001 widow landings (i.e., after removing 2002 from the landings history period along with dropping the remaining 3 lowest years).

Annual Widow Rockfish Landings by Vessels Making Shoreside Whiting Trips

The widow rockfish reallocation alternatives provide for splits between shoreside whiting and non-whiting permits. For example, under Alternative 2, the whiting/non-whiting split may be 9.2 percent of all widow QS allocated for whiting permits under “Suboption A”. The GMT speculated that widow rockfish catch might be correlated with whiting catch for the shorebased whiting fishery. However, there appears to be very little correlation between whiting landings (Figure 3) and widow rockfish landings (Figure 4) by the shoreside whiting fleet prior to implementation of restrictive widow rockfish bycatch limits (i.e., 1994–2001), after bycatch restrictions were applied to the shoreside whiting fishery (i.e., 2002–2010), or after the initiation of the Individual Fishing Quota (IFQ) in 2011. The maximum widow rockfish annual landed catch by the shoreside whiting fishery during the 1994–2014 period was 480 mt. The GMT notes that, after reallocation is completed, the amount of widow rockfish QP a fisherman will receive will be dependent on the widow rockfish annual catch limit (ACL). If the widow ACL declines, the amount of widow QP fishermen receive, based on the widow QS they receive allocated in proportion to their shoreside whiting QS, may decline to levels lower than the original 210 mt of widow rockfish for which the initial reallocation was based.¹ This suggests that widow rockfish quota trading or leasing may, at times, be necessary to cover widow rockfish catch by the shoreside whiting fishery under the action alternatives, especially if widow catch is independent of whiting catch.

¹ The 210 mt value is 42 percent of 500 mt, as described in Alternative 2, Attachment 1.

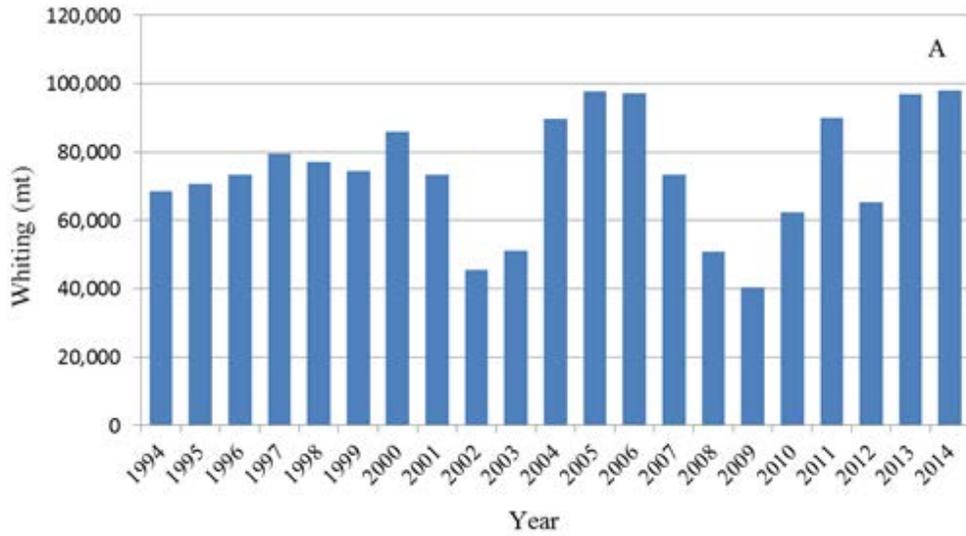


Figure 3 Pacific whiting landings by shoreside whiting vessels (1994-2014). Data were acquired using PacFIN Explorer for midwater trawls and Dahl Sector #4 (i.e., non-whiting midwater trawl).

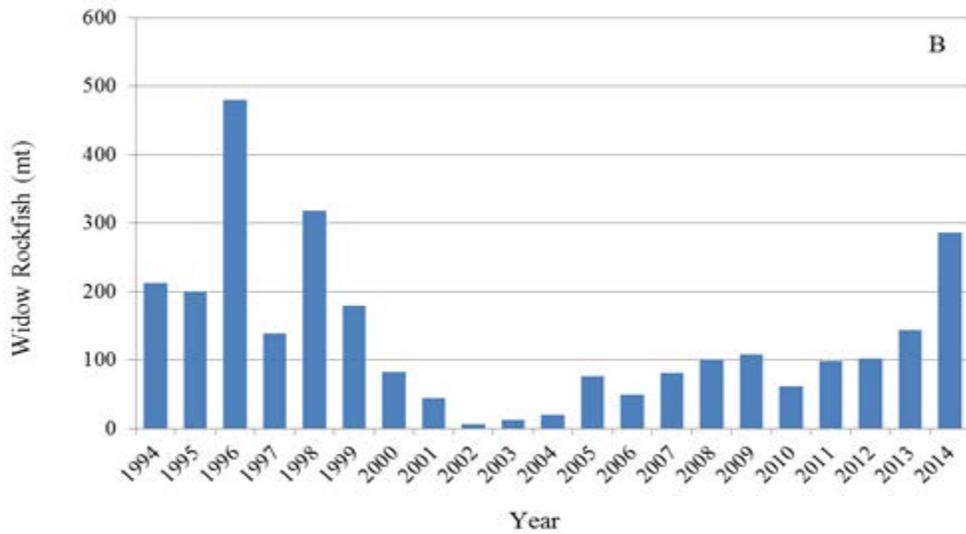


Figure 4 Widow rockfish landings by shoreside whiting vessels (1994-2014). Data were acquired using PacFIN Explorer for midwater trawls and Dahl Sector #4 (i.e., non-whiting midwater trawl).

Sablefish and Petrale Sole Catch by Non-Whiting Midwater Trips

Although the bottom trawl fishery may under-harvest the available QP of most species, and the under-harvest may be caused by the limited availability of sablefish and petrale sole QP ([Agenda Item E.6, Supplemental Attachment 3](#), April 2015), the GMT wants to make it clear that this applies only to bottom-tending gears (e.g., bottom trawl). Sablefish and petrale sole likely will not constrain the catch of widow and yellowtail rockfish if targeting occurs with midwater trawl gear, even under much higher widow and yellowtail rockfish ACLs than are currently specified. A PacFIN query of all landings by the non-whiting shoreside midwater trawl fishery showed that only 2.1 mt and 4.0 mt of sablefish and petrale sole were landed during 2011–2014 (all years combined), whereas 333 mt and 741 mt of widow rockfish and yellowtail rockfish were landed

by non-whiting midwater trips over the same period of time. Note that the GMT found some miscoded “midwater” gear landings in PacFIN that contained relatively high amounts of sablefish and petrale sole; these landings most likely should have been coded “bottom trawl” and were therefore excluded from this analysis.

Economic Impacts of Widow Reallocation

[Agenda Item E.6, Attachment 1](#) (April, 2015) points out that the allocations from the different alternatives will directly impact the distribution of wealth among communities. The GMT would also like to point out that the allocations will also have differing income and employment economic impacts among communities and some of these economic impacts are not necessarily temporary, to some degree. Economic impacts can accrue to both (1) areas where spending occurs to prosecute widow rockfish directed fishing and (2) areas where proprietors of the quota reside. For proprietors of QS, economic impacts can result from receipt of payments from the lease or sale of QP. If QS is not sold or transferred by proprietors, community economic impacts from the lease or sale of QP may continually accrue to areas associated with the initial distribution. While the future of QS transfers is unknown, as shown in Table 4.1 ([Agenda Item E.6, Attachment 1](#)), the spatial distribution of QS can be relatively stable, especially when compared to the distribution of landings.

Potential Adjustment of Current Divestiture Deadline

The current regulatory divestiture deadline for individual and aggregate species limits is November 30, 2015. In the event that the Council does not decide on a Final Preferred Alternative (FPA) for widow reallocation at this April 2015 meeting, the Council may need to provide an FPA for divestiture and/or delay alternatives in order to allow NMFS time to engage in an interim proposed and final rulemaking to address these latter issues by the November 30, 2015 deadline. However, NMFS staff has indicated that a June FPA for widow and aggregate divestiture and/or delay decisions may also be feasible.

Potential Groundfish Allocation Committee

The GMT heard that there was interest expressed by some on the Council at the March 2015 PFMC meeting for convening the Groundfish Allocation Committee (GAC). In the event that the Council is not prepared to take final action at this meeting, convening the GAC could provide a forum for additional consideration of the alternatives with industry and policy input. However, there is additional work needed to update the membership of that committee. The Council should consider the time needed to structure and convene the GAC against their desire to meet their IFQ program goals in a timely manner.

GMT Recommendations and Considerations

- **The Council should consider the new information provided by the GMT in this report in their decisions, which includes:**
 - **Impact of including or excluding 2002 catch history data in the widow rockfish reallocation alternatives;**
 - **Variability and level of widow rockfish catch associated with whiting catch by the shoreside whiting fishery;**

- **Economic impacts of the spatial distribution of QP and QS once trading begins; and**
 - **Amount of time needed by NMFS to meet the November 30, 2015 deadline for divestiture**
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- **In the event that the Council does not decide on a FPA at this April 2015 meeting for widow reallocation, the Council may need to provide an FPA for divestiture and/or delay alternatives in order to allow NMFS time to develop an interim proposed rule.**
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- **The Council should consider the time needed to structure and convene the GAC relative to the desire to meet IFQ program goals in a timely manner, if the Council so chooses.**

PFMC
04/14/15