AGENDA ITEM I.7
FIVE-YEAR CATCH SHARE FOLLOW-ON ACTION — PRELIMINARY ACTION
September, 2018
PFMC
ACTIONS

Adopt purpose and need statements and range of alternatives on blackgill rockfish vessel QP limits.

Adopt preliminary preferred alternatives (PPA) for the five-year catch share program follow-on actions.

AGENDA ITEM I.7
ATTACHMENT 1

Alternatives listed in Table 1
ISSUES

- At-sea Fishery Set Asides (PPA)
- Vessel QP Limits for Blackgill (P&N, ROA, PPA)
- Shorebased Sector Needs (PPA)
- CP Accum Lim (PPA + rule for assessing ownership)
- New Data Collections
  - Catcher Processor (PPA)
  - QS Account Holders (PPA)
BACKGROUND: ORIGINAL CO-OP BYCATCH CAP SPECIES

- Darkblotched Rockfish — allocated in FMP
- Pacific Ocean Perch (POP) — allocated in FMP
- Canary — allocated biennially
- Widow Rockfish — allocated in FMP

Formulas remained in FMP.

Managed as set asides starting in 2017.
ACTION

- Should canary and widow also be set-asides? (FMP amendment needed to change)

- Should formulas be removed from the FMP? (needed changes to FMP are described on page 14)
CANARY & WIDOW AS SET-ASIDES - IMPACTS

- Bootstrap modeling – very low risk of overage
  - Assuming future similar to past
- Very low average benefit in terms of whiting harvest
- Increased operational flexibility every year
  - Reduced costs
  - Salmon avoidance
- Change in avoidance incentives
VESSEL QP LIMITS (BLACKGILL)

- Background
- Action
- Analysis
BACKGROUND

- Nov 2015 – blackgill split from southern slope (Am-26)
  - QS Control (6%) and Vessel QP (9%) limits remain the same

- Split not yet implemented

- March 2018 - Vessel QP limits for blackgill included in follow-on
  - Analyze up to 30%
ACTION

Should the blackgill vessel QP limit be raised?

- Adopt purpose and need (draft on page 44)
- Adopt range of alternatives
  Analysis uses 9% (status quo), 12%, 20% and 30%
- Select preliminary preferred alternatives
ANALYSIS

- Applied Am 26 trawl/nontrawl allocations to 2011-2017
- Compared vessel blackgill landings to trawl allocations
- Created one data point for each vessel year combination
- Arrayed the data points from smallest to largest.
DATA AGGREGATED FOR 2011-2017

Percent of Allocation Landed
(each dot is the average of three vessel-year combinations)

- 0%
- 5%
- 10%
- 15%
- 20%
- 25%
- 30%
- 35%
- 40%
- 45%
- 50%

0 10 20 30 40

Ves/Yr (Grps of 3) 9% 12% 20% 30%
DATA INDIVIDUAL YEARS: 2011-2017

Percent Allocation Landed
(Groups of 3 Vessel Observations)


## ESTIMATE OF FOREGONE $ (HINDCAST)

<table>
<thead>
<tr>
<th>Alt Ves QP Limit</th>
<th>Num of Vess</th>
<th>Trawl IFQ Landing Days</th>
<th>Trawl IFQ Landing Days With Blackgill</th>
<th>Trawl IFQ Blackgill Revenue</th>
<th>Average Exvessel Rev Per Year For</th>
<th>All Trawl IFQ Landing Days</th>
<th>Trawl IFQ Landing Days With Blackgill</th>
<th>Trawl IFQ Blackgill Rev</th>
</tr>
</thead>
<tbody>
<tr>
<td>9%</td>
<td>14</td>
<td>2,925,890</td>
<td>2,123,211</td>
<td>116,687</td>
<td>417,984</td>
<td>303,316</td>
<td>16,670</td>
<td>16,670</td>
</tr>
<tr>
<td>12%</td>
<td>12</td>
<td>1,987,756</td>
<td>1,723,199</td>
<td>96,961</td>
<td>283,965</td>
<td>246,171</td>
<td>13,852</td>
<td>13,852</td>
</tr>
<tr>
<td>20%</td>
<td>6</td>
<td>1,423,622</td>
<td>1,207,752</td>
<td>53,739</td>
<td>203,375</td>
<td>172,536</td>
<td>7,677</td>
<td>7,677</td>
</tr>
</tbody>
</table>
SHOREBASED IFQ SECTOR HARVEST COMPLEX NEEDS

- Background
- Action
- Analysis
Attainment of most species under 50%

Only 5 of 30 have exceeded 80%:

- Canary Rockfish
- Pacific Whiting
- Petrale Sole
- Sablefish North
- Sablefish South
**ACTION**

Should post-season trading of QP be allowed?

Should there be post-season relief from annual QP limits?  
For which species?

Should the September 1st QP transfer deadline be eliminated?

*Alternatives are not mutually exclusive*
ANALYSIS

Currently, post-season deficits (deficit carryovers) must be covered with following year QP

- Reduces QP available in following year (Table 43)
- Surplus QP available far exceeds the deficits (Table 49)

Every year, at least one vessel catches more than the annual vessel QP limit (Table 44)

- Concern about exceeding limits may contribute to conservative fishing and under attainment.

Every year some QP expires without being transferred to a vessel account (Table 45)
CP SECTOR ACCUMULATION LIMITS

- Background
- Action
- Analysis
BACKGROUND

MSA: Ensure that holders do not acquire an excessive share... by
(1) establishing a maximum share...; and
(2) establishing any other limitations necessary to prevent... inequitable concentration....

The current CP co-op program was
- Based on the existing PWCC (1997)
- Did not include maximum share or other limits on accumulation
ACTION (1)

Should CP accumulation limits be implemented and, if so, ... on what schedule?
what should be the CP LE permit ownership limit?
what should be the CP owner processing limits?
For the limits, how should ownership be assessed?
ACTIONS (2)

Rule for assessing ownership

Like LE fixed gear sablefish: any percentage ownership/control (including leasing)

Like the AFA: at least 10 percent ownership

Like the IFQ program: based on percent ownership
ANALYSIS

No company appears to own more than 5 permits
(Alternatives are for a 5 or 7 permit limit)

No company appears to process more than 51%
(Alternatives are for a 60% or 80% limit)

Concentration of CP permit ownership has not changed since 2011

Impacts are primarily distributional but could limit net benefits/efficiency
NEW DATA COLLECTIONS – CATCHER PROCESSOR

• Background
• Action
• Analysis
Detailed ownership data is

- Collected for Shorebased IFQ and MS Co-op sectors
- Not collected for the CP sector
ACTION

Should detailed ownership information be collected annually on CP permit owners?
ANALYSIS

Only 1 CP company does not currently submit detailed ownership info

Time estimate for most ownership forms: 0.75 hours

Likely much more for more complicated ownership structures

If accumulation limits are adopted ownership information needed for monitoring
NEW DATA COLLECTIONS – QUOTA SHARE OWNER

- Background
- Action
- Analysis
Economic Data Collection Program (EDC)
Data for monitoring program performance
- Vessel owners
- First receivers (FR)

- Not other quota share owners
  - Net Profit - costs and revenue related to QP sales
  - Earnings by QS owner that have sold their vessels
  - QS owner earnings by geographic distribution of income by QS owners
Should QS owners be included in program surveys?
ANALYSIS

Improve information on
- Program performance
- New management measure analysis

Specifically
- Profitability of fishing enterprises
- Participation status of QS owners
- Geographic distribution of revenues
ANALYSIS: EXISTING COLLECTIONS

Quota Transaction Data (QTD) v. Economic Data Collection (EDC)

- QTD – partially reported but provides per transaction data (market performance analysis)
- EDC –
  - QP purchases (costs) are more fully reported but aggregated on an annual basis (profitability)
  - Quota earnings from QP sales, less completely reported
ANALYSIS: EXISTING COLLECTIONS - DATA

Data Source: Owner Type
- EDC: Vessel
- QTD: Quota share
- QTD: Non-EDC vessel
- QTD: EDC vessel

Total expenses and earnings from quota pounds (millions of 2016 $)

Quota lease costs
- EDC
- QTD

Quota lease earnings
- EDC
- QTD
ANALYSIS: GAP WILL GROW

As QS owners sell their vessels but keep quota, gap between costs and earnings data will increase (purple bars)
ANALYSIS: BETTER DISTRIBUTIONAL INFO

Who receives quota payments?

FICTITIOUS DATA

Quota payments

<table>
<thead>
<tr>
<th>Year</th>
<th>No longer fishing, out of state</th>
<th>No longer fishing, in state</th>
<th>Fishing, no IFQ</th>
<th>IFQ Fishing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>800</td>
<td>1000</td>
<td>600</td>
<td>400</td>
</tr>
<tr>
<td>2022</td>
<td>1200</td>
<td>600</td>
<td>800</td>
<td>500</td>
</tr>
<tr>
<td>2023</td>
<td>900</td>
<td>700</td>
<td>700</td>
<td>600</td>
</tr>
<tr>
<td>2024</td>
<td>1100</td>
<td>500</td>
<td>900</td>
<td>700</td>
</tr>
<tr>
<td>2025</td>
<td>1300</td>
<td>400</td>
<td>1000</td>
<td>800</td>
</tr>
</tbody>
</table>
ANALYSIS: PAPERWORK BURDEN

Will depend on final set of questions

Best guess, an additional 1-2 hours
ACTION

Adopt purpose and need statements and range of alternatives on blackgill rockfish vessel QP limits.

Adopt preliminary preferred alternatives for the five-year catch share program follow-on actions.