

**Agenda Item I.7**  
**Supplemental Staff Presentation 1**  
**September 2018**

**AGENDA ITEM I.7**  
**FIVE-YEAR CATCH SHARE FOLLOW-ON**  
**ACTION — PRELIMINARY ACTION**

September, 2018  
PFMC

# **ACTION**

**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.**

**Final action slated for November, 2018.**



# **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)



# AT-SEA SET-ASIDES

- **Background**
- **Action**
- **Analysis**

# 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

Managed as set asides  
starting in 2017

Formulas  
remained  
in FMP



# 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

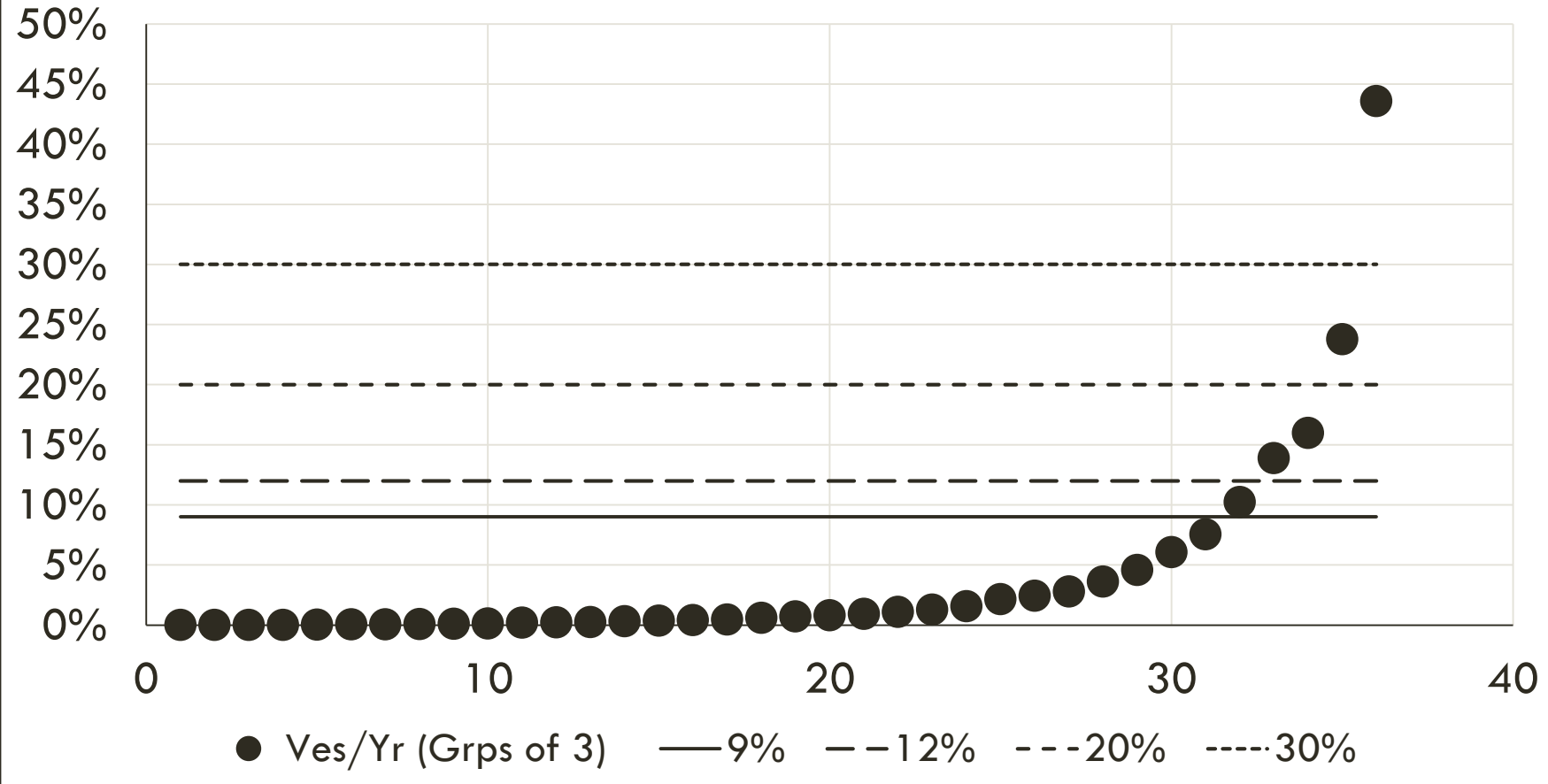
- Applied Am 26 trawl/nontrawl allocations to 2011-2017
- Compared vessel blackgill landings to trawl allocations
- Created one data point for each vessel year combination
- Arrayed the data points from smallest to largest.



# DATA AGGREGATED FOR 2011-2017

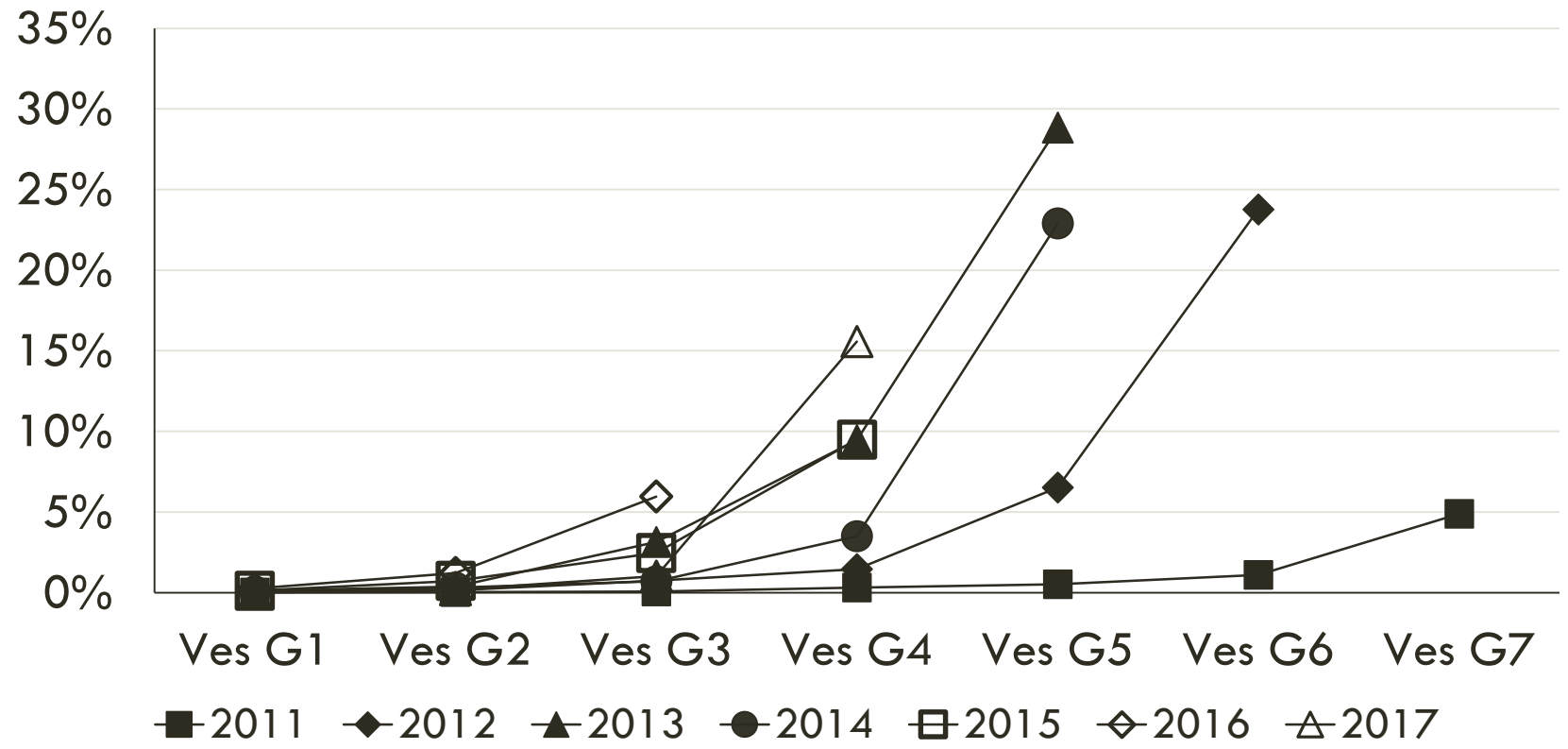
## Percent of Allocation Landed

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



# DATA INDIVIDUAL YEARS: 2011-2017

## Percent Allocation Landed (Groups of 3 Vessel Observations)



# ESTIMATE OF FOREGONE \$ (HINDCAST)

Alt Ves QP Limit	Num of Vess	2011-2017 Total Exvessel Rev For			Average Exvessel Rev Per Year For		
		Trawl IFQ Landing Days	Trawl IFQ Landing Days With Blackgill	Trawl IFQ Blackgill Revenue	All Trawl IFQ Landing Days	Trawl IFQ Landing Days With Blackgill	Trawl IFQ Blackgill Rev
9%	14	2,925,890	2,123,211	116,687	417,984	303,316	16,670
12%	12	1,987,756	1,723,199	96,961	283,965	246,171	13,852
20%	6	1,423,622	1,207,752	53,739	203,375	172,536	7,677

# **SHOREBASED IFQ SECTOR HARVEST COMPLEX NEEDS**

- **Background**
- **Action**
- **Analysis**



# BACKGROUND

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 1<sup>st</sup> 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?



# ACTION (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**

# BACKGROUND

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**

# BACKGROUND

## 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



# ACTION

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





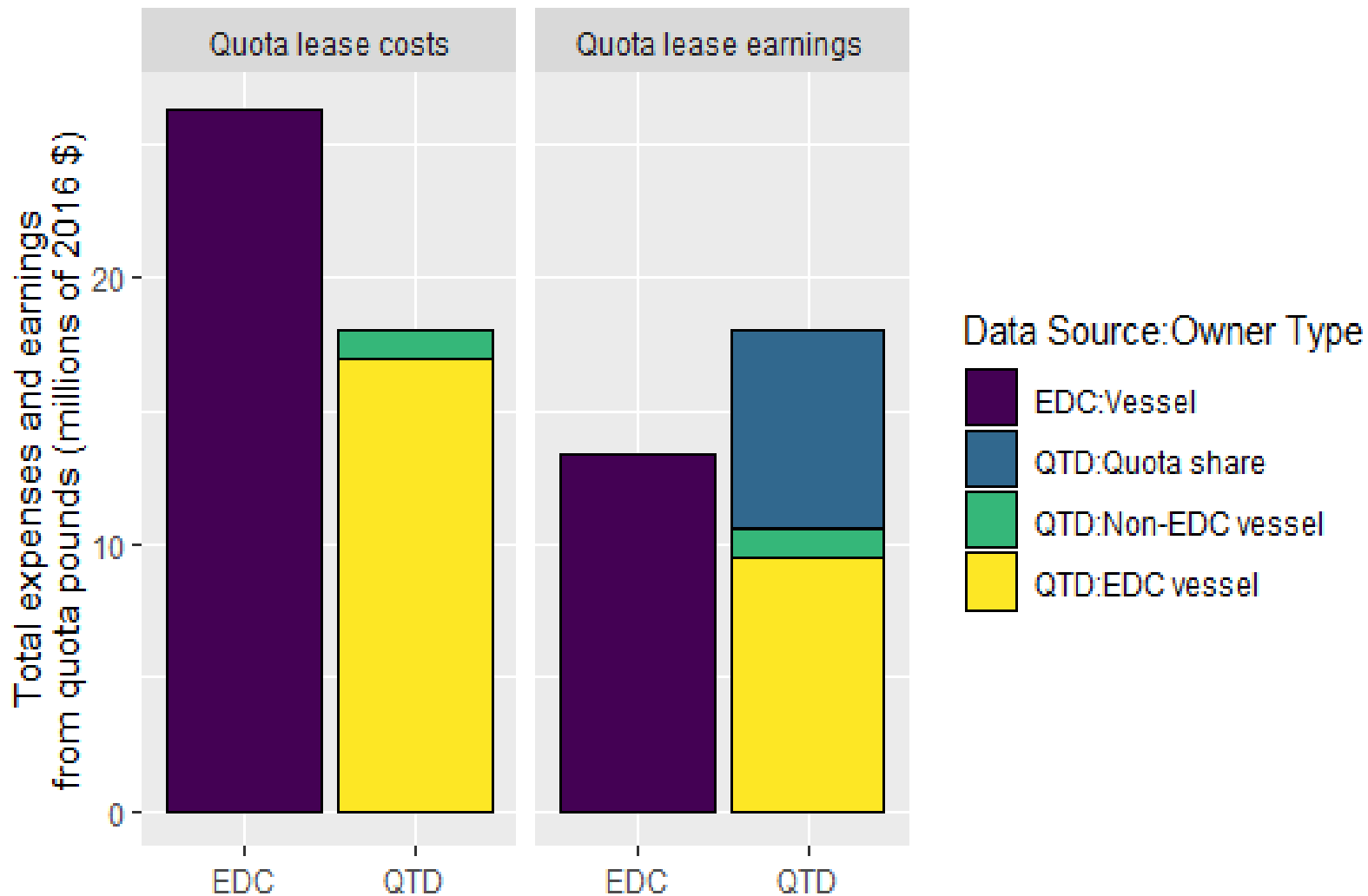
# ANALYSIS: EXISTING COLLECTIONS

## 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

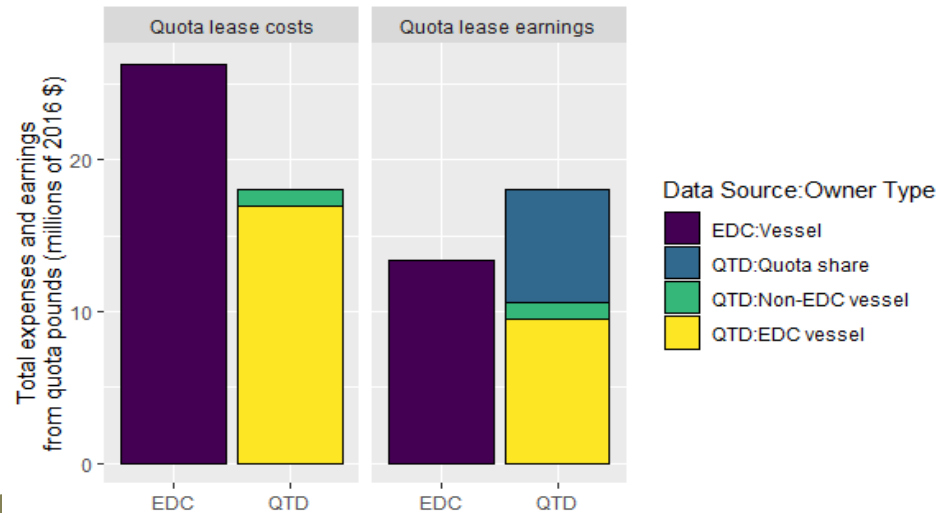


# ANALYSIS: EXISTING COLLECTIONS - DATA

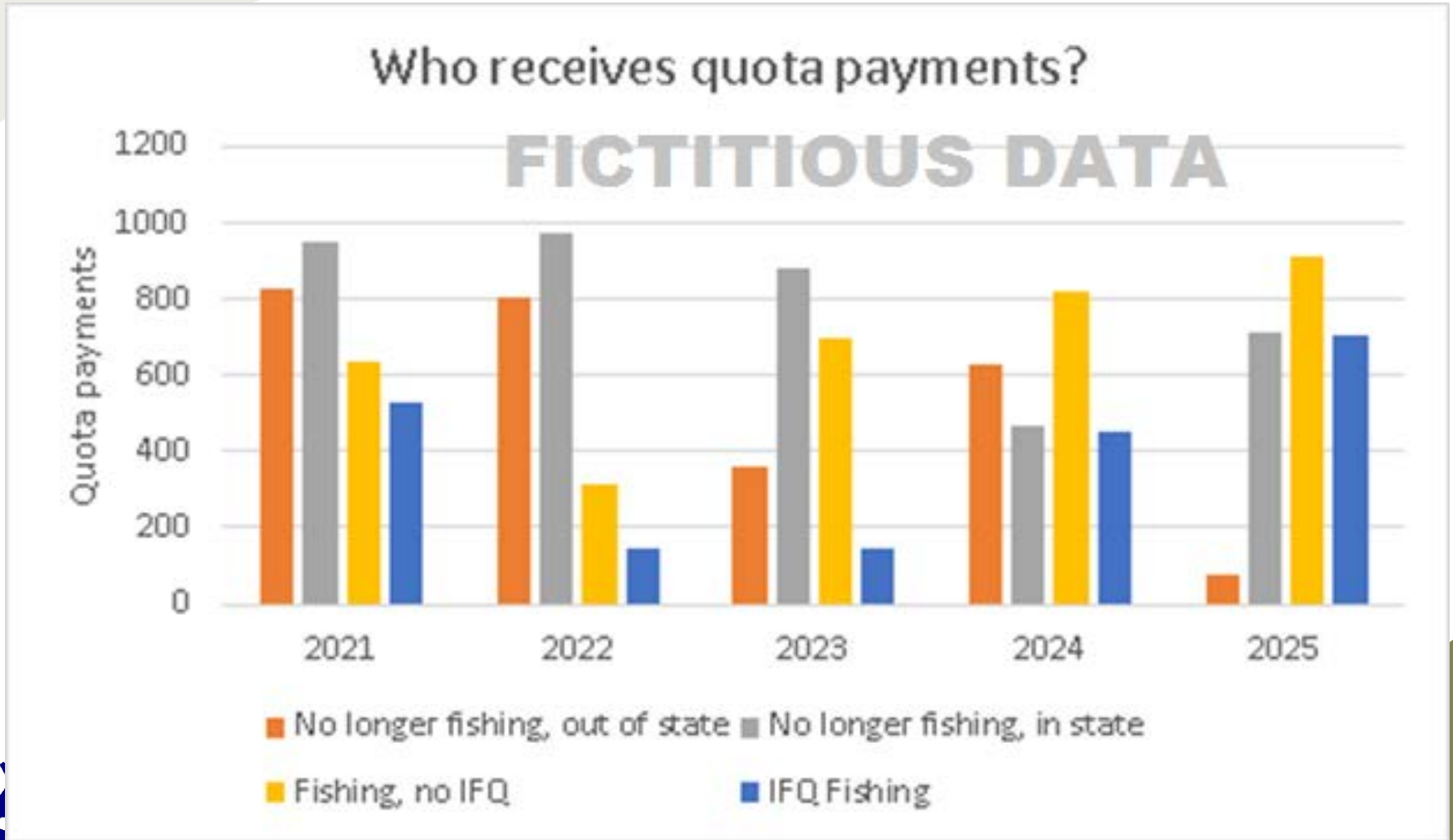


# ANALYSIS: GAP WILL GROW

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



# ANALYSIS: BETTER DISTRIBUTIONAL INFO



# ANALYSIS: PAPERWORK BURDEN

Will depend on final set of questions

Best guess, an additional 1-2 hours



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