

**Agenda Item G.3.
Supplemental Staff Presentation 1
November 2018**

**AGENDA ITEM G.3
FIVE-YEAR CATCH SHARE FOLLOW-ON
ACTION FMP AND REGULATORY
AMENDMENTS — FINAL ACTION**

November, 2018

PFMC

ACTION

1. **Adopt final preferred alternatives (FPA)** for the five-year catch share program follow-on actions.
2. **Adopt FMP amendment language** for FPA related to at-sea whiting fishery bycatch needs, including housekeeping changes, as appropriate.
3. Provide **other guidance, as necessary.**



AGENDA ITEM G.3 ATTACHMENT 1

**Alternatives
listed in Table 1
but look to text**

ISSUES

- At-sea Fishery Set Asides (FPA – Including FMP Am)
- Shorebased Sector Needs (FPA)
- CP Accum Lim (FPA)
- New Data Collections
 - Catcher Processor (FPA)
 - QS Account Holders (FPA)



AT-SEA SET-ASIDES

- **Background**
- **Alternatives**
- **Analysis**

BACKGROUND: ORIGINAL CO-OP BYCATCH CAP SPECIES

Managed as set asides starting in 2017

Formulas remained in FMP

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



AT-SEA ALTERNATIVES (PG. 12)

Alt 1

No Action

Which bycatch species will be managed with caps?

Set Asides for POP and Darkblotched
Quota for Canary and Widow

Which species will be allocated by FMP formulas?

Allocations in FMP for POP, Darkblotched and Widow

Alt 2

No Change

Remove Allocation Formulas for POP and Darkblotched

Alt 3

Set-asides all 4 spp

Leave Allocation Formulas in the FMP

Alt 4

(PPA)

Set-asides all 4 spp

Remove FMP formulas from for all spp

FMP AMENDMENT LANGUAGE

Language for Alternatives Starts on pg. 13

- One page for each alternative

Related Housekeeping Changes on pg. 17

- Updates descriptive parts of the FMP.
 - Updates list of FMP amendments
 - Updates history of the FMP
 - Correct and updates description of shoreside allocation used for initial IFQ issuance



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



SHOREBASED IFQ SECTOR HARVEST COMPLEX NEEDS

- **Background**
- **Alternatives**
- **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



SHOREBASED ALTERNATIVES (PG. 52)

Alt 1

No Action

Vessels Cannot
Trade QP After End
of Year

Vessels Held to
Annual
Vessel QP Limits
Indefinitely

September 1st QP
Expiration

Alt 2

(PPA)

Allow Post Season
QP Trading

Alt 2 (SubOpt) (PPA)

After End of Year
Allow Vessels to
Cover Deficits
> Vessel QP Limits

Alt 3

(PPA)

Eliminate Sept 1st
QP Expiration

ALTERNATIVE 2 SUBOPTION – REGULATORY EFFECT

Vessel must stop fishing if it either

- Exceeds the amount of QP it has available
- Exceeds the annual vessel QP limit

Violations

- Fails to cover its catch with QP within the time allotted
- Exceeds the annual vessel QP limit

The Lightning Strike Problem

- If the overage is substantially greater than the vessel QP limit

off the water for several years



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**
- **Alternatives**
- **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



CP SECTOR ACCUMULATION LIMITS

THREE SETS OF ALTERNATIVES

Implementation

Permit Ownership Limits

Processing Limits



CP SECTOR ACCUMULATION LIMITS IMPLEMENTATION ALTERNATIVES (PG. 65)

Alt 1

No
Action

Alt 2

No
Accumulation
Limits

and

Vacate the
June 13,
2017 control
date

Alt 3
(PPA)

Apply
Accumulation
Limits
Immediately

Alt 4

Apply
Accumulation
Limits only If
Co-op
Dissolves

CP SECTOR ACCUMULATION LIMITS PERMIT OWNERSHIP LIMIT ALTERNATIVES (PG. 66)

Alt 1

No
Action

Alt 2
(PPA)

Five-
Permit
Limit

Alt 3

Seven-
Permit
Limit

CP SECTOR ACCUMULATION LIMITS PROCESSING LIMIT ALTERNATIVES (PG. 68)

Alt 1
(PPA)

No
Action

Alt 2

60%
Limit

Alt 3

80%
Limit

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**
- **Alternatives**
- **Analysis**

BACKGROUND

Detailed ownership data is

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



CP OWNERSHIP DATA COLLECTION ALTERNATIVES (PG. 72)

Alt 1

No Action

Alt 2

(PPA)

Collect
Detailed CP
Ownership
Data



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**
- **Alternatives**
- **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



QS OWNER DATA COLLECTION ALTERNATIVES (PG. 75)

Alt 1

No
Action

Alt 2

Collect
Thru a
QS
Owner
Survey

Alt 3

Collect
Thru QS
Renewal
Form

Alt 4
(PPA)

Collect
Thru
Best
Means
as ID'd
by
NMFS

ANALYSIS

Improve information on

- Program performance
- New management measure analysis

Specifically

- Profitability of fishing enterprises
- Participation status of QS owners
- Geographic distribution of revenues



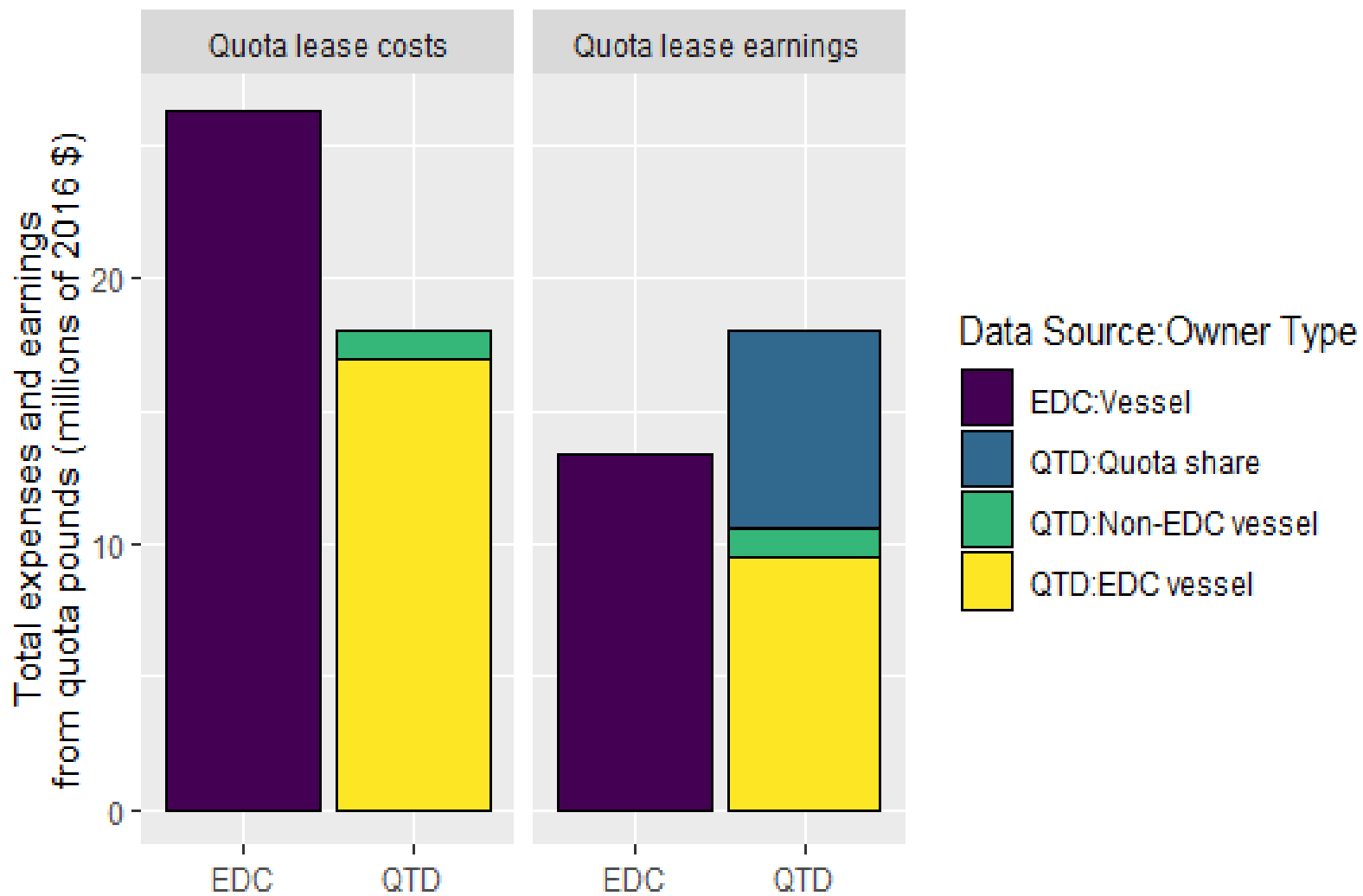
ANALYSIS: EXISTING COLLECTIONS

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

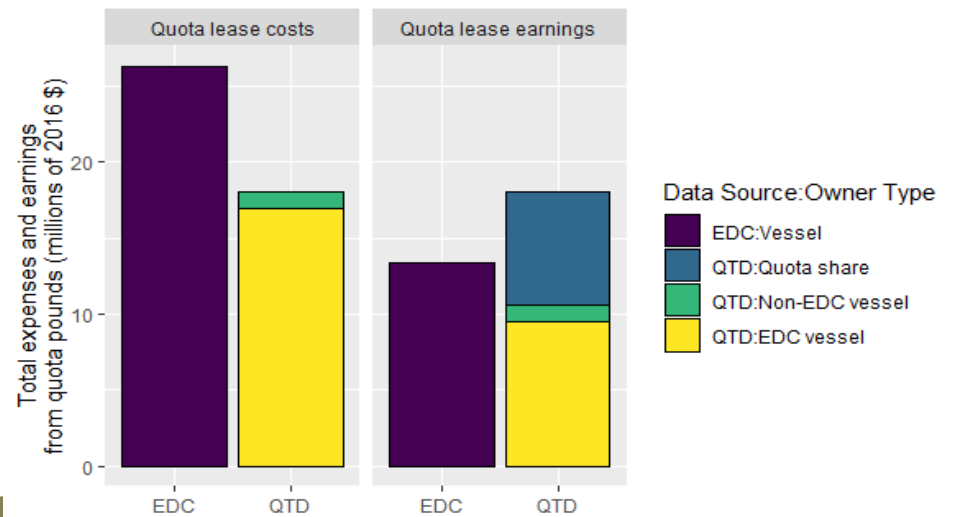


ANALYSIS: EXISTING COLLECTIONS - DATA

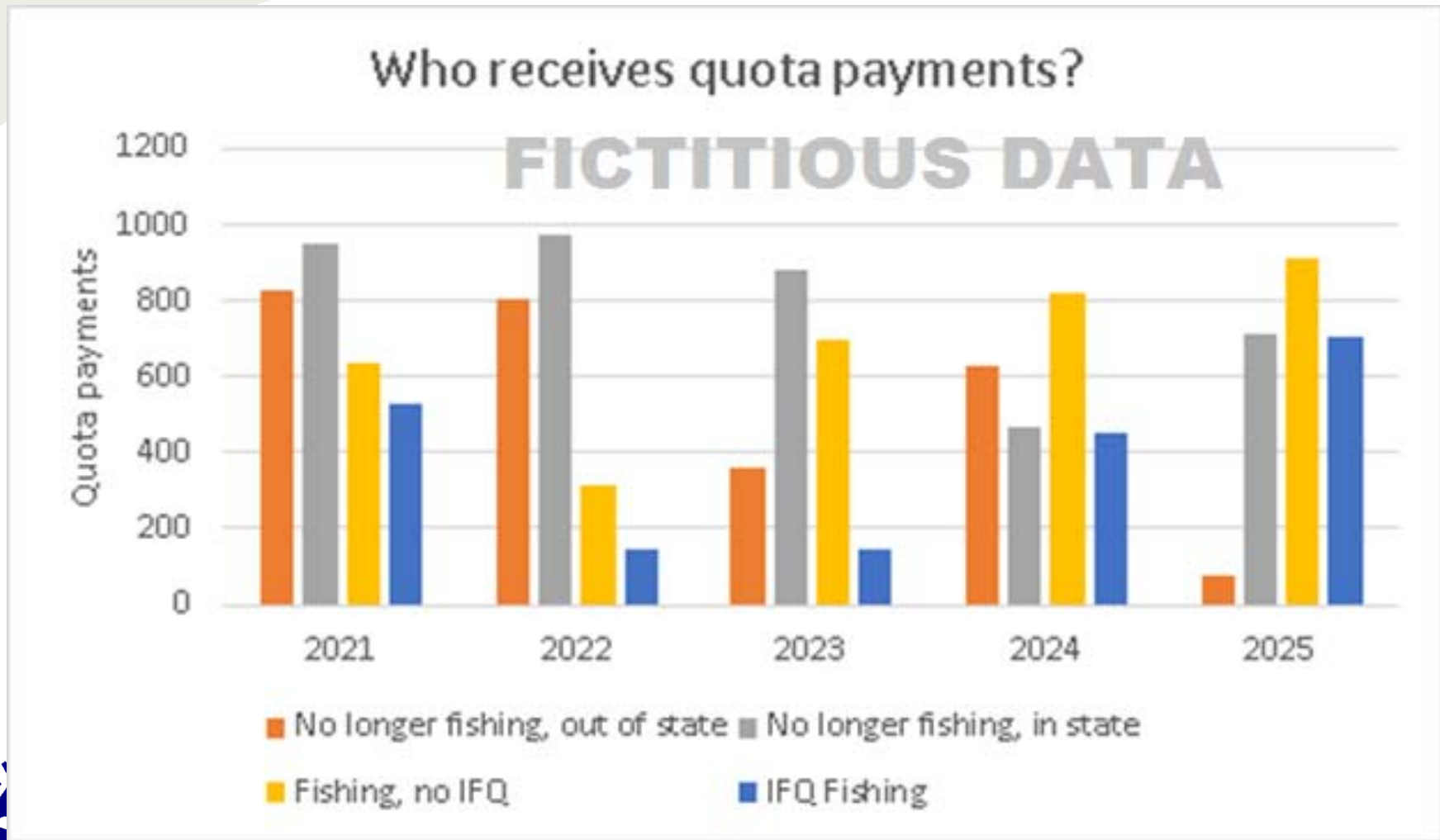


ANALYSIS: GAP WILL GROW

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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