

CALIFORNIA DEPARTMENT OF FISH & WILDLIFE REPORT ON CALIFORNIA
INDUSTRY PREFERENCES RE: GEAR SWITCHING AND SABLEFISH MANAGEMENT

The California Department of Fish and Wildlife (CDFW) conducted a phone survey to solicit input from California fishery participants about gear switching in the sablefish Trawl Individual Quota (TIQ) program. Individuals who had at least one landing of TIQ sablefish in California from 2017 to 2019 were identified as potential participants. Respondents were asked a set of standardized questions regarding their fishing practices, opinion on gear switching, familiarity with the Sablefish Management and Trawl Allocation Attainment Committee (SaMTAAC) process, and thoughts on the current gear switching provisions being considered by the Council. A few secondary questions were asked depending on whether the respondents did or did not gear switch. The complete survey language can be found below in Appendix A.

A total of 28 potential participants were identified and contacted by phone, 15 of which completed the survey. The remaining 13 did not respond to messages left both by voicemail and email.

All the respondents said they were not in favor of a grandfather clause in the gear switching provisions. Whether or not fixed gear was permitted in the TIQ fishery, they felt that the rules should be applied uniformly for all participants in the fishery. This stems from a concern that a grandfather clause would punish those who had not previously used fixed gear by increasing the value of the quota/permits for those who had used fixed gear.

Six of the 15 respondents do, or have, used fixed gear since TIQ was implemented. Nine of the 15 respondents did not gear switch themselves, but of those nine, four indicate they have leased quota to a fixed gear vessel. Most cited the cost of acquiring fixed gear as the primary reason they had not gear switched. Other respondents were preparing to retire from the fishery and were concerned they would not be able to recoup the cost of acquiring a new type of gear before their retirement. The respondents who did gear switch indicated that they did so because of faster delivery rotation, ease of deploying the gear, lower bycatch relative to trawl gear and higher price per pound received for fish caught with fixed gear. Respondents noted that the flexibility of gear switching, from a business perspective, provides options in case factors such as price of fish, price of quota, cost of observers, or regulation changes, potentially affect the profitability of one gear type over the other.

Seven of the 15 respondents were aware of the SaMTAAC process, but only three were familiar with the reasons why SaMTAAC was initiated. None of the respondents were familiar with the current gear switching provisions being considered at the September 2020 PFMC meeting. Four asked for an explanation of the alternatives and supported either Status Quo or Alternative 1, specifically because they did not support the grandfather clauses in Alternatives 2 & 3.

During the open comment portion of the survey, respondents brought up concerns related to the price of quota and the influence that “fishery switching” between LEFG/OA and TIQ has on this issue. A summary of those comments are provided below.

Questions for gear switchers

Respondents were asked to answer this set of questions if they indicated that they gear switch. Six of the 15 respondents answered this set of questions. Four have used both trawl and fixed gear, while two respondents use only fixed gear to land TIQ quota. Their summarized responses to each question are presented below.

Why do you switch gears?

Most respondents said that they gear switched for greater flexibility. It allows them to lease quota out in bad years or keep fishing utilizing fixed gear when the trawl delivery rotation is long.

What are the benefits of gear switching?

Respondents pointed towards the economic benefits of gear switching. These economic benefits include faster delivery rotation times, high price per pound of fish, the ability to lease quota in years when trawling was not profitable, and not being locked into a single avenue for profit in case things change in the future

What are the drawbacks of gear switching?

Three of the six respondents said that they viewed no drawbacks to gear switching. One stated the drawback was the effort required to switch between gear types on the vessel. One respondent said that the program allows a back door for folks who have not traditionally participated in the TIQ fishery to access trawl quota. These fishery switchers drive up the market price for trawl quota.

What factors drive your decision to use line or trap gear vs. trawl gear?

Respondents who utilize fixed gear pointed towards ease of use (deploy, let it soak, and come back later) and limited bycatch.

Which of those factors are most important?

The most important factor in choosing a gear type varied between respondents. The main points that were offered were economic flexibility, the gear is easy to use, and lower bycatch.

If gear switching were not allowed, how would that impact your business operations?

Responses ranged for how respondents would be affected if gear switching stopped. There was everything from ‘no change’ to ‘tremendous harm’. There was not a strong consensus among the responses and none specifically identified potentially positive economic benefits if gear switching was not allowed.

Questions for non-gear switchers

Respondents were asked to answer this set of questions if they indicated that they did not gear switch. Nine of the 15 respondents answered this set of questions. The summarized responses to each question are presented below.

Why don't you switch gears?

Seven of the nine respondents who did not gear switch said they chose not to gear switch because of their prior investments in trawling. Their boats are set up for trawling and they have the experience and knowledge to deploy the gear effectively. Switching would be an extra cost to set up and it would take time to learn how to maximize profit with another type of gear. Part of this had to do with the age of the respondents in that several mentioned that they are close to retirement or have been considering selling their boat. There is not enough time left for them to recoup the cost of switching to another type of gear. The remaining respondents indicated they did not gear switch because they had no need to.

Would you consider this in the future?

Five of the nine respondents would not consider gear switching in the future. Three of the respondents would consider it and noted that they like having the option available for the future. Two respondents would only consider it if they were forced into gear switching due to price concerns.

Do you lease your quota so someone else can gear switch?

Four of the nine respondents have leased their quota to a vessel that can gear switch. The remaining five respondents had never done so.

Open comments

Most respondents mentioned that they were being squeezed for price. Quite a few mentioned thinking about selling their boats soon. They pointed towards gear switching as a possible option to help keep their business afloat. They are feeling pressure from increased regulations and gear switching gives them another avenue for profit in case regulations become more stringent and their current manner of fishing is no longer profitable.

Others believed that gear switching has increased the price of quota and reduced the price for trawl-caught fish. Catching sablefish with fixed gear results in a more desirable product and a higher price than trawl-caught fish. Since fixed gear boats can sell their fish for a higher price, they can afford to buy quota at a higher price. This may be driving up the price of sablefish quota.

One respondent mentioned that the price for 1 lb of quota is higher than the price he receives for 1 lb of trawl-caught sablefish. A few others said that, once you factor in operations costs, they would lose money fishing for additional quota at the current price. Their opinion is that gear switching has resulted in a situation where trawlers cannot afford to purchase additional quota, caused in part by fishery switching.

Two respondents were in favor of limiting who can gear switch. They identified part of the issue with quota price as being caused by fishers coming from the LEFG/OA fisheries, buying quota, and fishing sablefish. This exacerbates the existing issue of TIQ gear switching vessels increasing the price of quota by adding non-TIQ vessels to the fishery, which are able to pay for quota at higher prices. The LEFG/OA fishers are in direct competition with fishers who were already in the TIQ fishery and decided to invest in fixed gear equipment once gear switching was allowed. It has been detrimental to the TIQ fishers who took the risk to transition their boats to fixed gear and for whom the gear switching provisions were originally intended. These two respondents are in support of only continuing gear switching for people who are in the TIQ fishery. They believe that the current alternatives do not address the issue of fishery switchers and its impact on quota price. They feel that gear switching should only be allowed for individuals that 'actively' participate in the trawl fishery, or there should be limits on transient participation in the TIQ fishery which may be occurring by fishery switchers.

Appendix A

INTRO: I'm _____ with the Groundfish Project in the Marine Region of the CDFW. We are calling to assess your opinion and/or concerns or support related to “gear switching” within the Groundfish trawl individual quota, or IQ program prior to the September Pacific Fishery Management Council (PFMC) meeting. Our records indicate you are a holder/owner/operator of a Groundfish IQ trawl permit and may have been using gear-switching to target sablefish or other slope species. You may be aware that the PFMC is currently evaluating the gear-switching provision in the Groundfish IQ program and is scheduled to discuss various options for future consideration at their September meeting

Can I ask you a series of questions?

- 1) Our goal with this survey is to summarize the information we collect and report it to the PFMC. If you prefer, I will summarize and tally your opinions to merge them with other respondents, and you will remain anonymous. Or, with your consent, we may wish to use direct quotes or specific reports or examples that you offer to us in this interview in the report.
- 2) Do you a) gear switch or b) do not utilize gear switching?

a) If they gear switch:	b) If they don't gear switch
i) Why do you switch gears?	i) Why don't you switch gears?
ii) What are the benefits of gear switching?	ii) Would you consider this in the future?
iii) What are the drawbacks of gear switching?	iii) Do you lease your quota so someone else can gear switch?
iv) What factors drive your decision to use line or trap gear vs. trawl gear?	
v) Which of those factors are most important?	
vi) If gear switching were not allowed, how would that impact your business operations?	
vii) Do you oppose or support the continuation of gear switching?	iv) Do you oppose or support the continuation of gear switching?

- 3) Were you aware of the PFMC's Ad Hoc Sablefish Management and Trawl Allocation Attainment Committee (SaMTAAC) process?
- 4) Are you aware of why it was initiated?
- 5) Were you participating in or commenting on that process? If so – among the current options which of them meets your needs (or is the best fit, or none).
The four options currently being considered for further evaluation only north of 36° North latitude are:

No Action – retain current rules

Alternative 1 - Limit gear switching by issuing a certain amount of northern sablefish QP as trawl-only and the remainder as unrestricted (i.e. status quo);

Alternative 2 - limits gear switching by prohibiting a vessel from gear switching more than 0.5 percent of the northern sablefish QP, unless it has a permit that qualifies for a gear-switching endorsement based on a history of gear switching (i.e. qualifies for a grandfather status); and

Alternative 3 - limits gear switching by prohibiting a vessel from gear switching for northern sablefish unless it is an active trawler (or qualifies for an active trawler exemption) and then limiting gear switching by each active trawler to 1.0 percent of the northern sablefish allocation. An active trawler exemption (i.e. grandfather status) would be provided for vessels with a qualifying history of gear switching, placed on a trawl permit, and allow gear switching up to 0.6 percent or a percentage equivalent to the northern sablefish QS owned by the vessel owner.

The SamTAAC set aside any consideration of the fishery south of 36° North latitude at their May 2019 meeting but could return to that topic in the future.

- 6) Is there anything we should know to have a better understanding of what outcome you'd like to see under this process.
- 7) Is there anyone else you think we should contact for their opinion on this issue? Could you tell us why are you recommending them?
- 8) Do you have anything you'd like to add or anything you'd like to tell CDFW Groundfish managers about your fishery?

CLOSING: Thank you for taking the time to talk to me about gear switching in the Groundfish trawl IQ fishery. We can provide you some links for additional information about the Pacific Fishery Management Council's (PFMC) Ad Hoc Sablefish Management and Trawl Allocation Attainment Committee (SaMTAAC) process. If you need additional information about the SaMTAAC process after consulting these other sources first, please contact Melissa Mandrup at Melissa.Mandrup@wildlife.ca.gov or by phone (831) 238-2043. The PFMC is using an on-line meeting format so you are able to listen to the discussion remotely and provide comments, if you choose to, in the Public Comment period at the end of the discussion sessions. It is currently slated for 11 AM -12 Noon and 1– 5 PM on Friday September 11th, and Monday the 14th at 2:30 – 3:30 PM, but this may change.