

A Proposal to Study Costs Associated with the West Coast Groundfish Shorebased Trawl IFQ Program



Submitted July 19, 2022 by:
Brannan & Associates, LLC
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Background

Amendment 20 to the Groundfish FMP initiated an individual fishing quota (IFQ) program for the West Coast shorebased trawl fleet that targets Pacific whiting and other groundfish species. Goals and objectives for the program were defined when it was being developed and implemented. The overall goal of the program was to *“create and implement a capacity rationalization plan that increases net economic benefits, creates individual economic stability, provides for full utilization of the trawl sector allocation, considers environmental impacts, and achieves individual accountability of catch and bycatch”*. In addition to the goals, several objectives were identified including - but not limited to 1) providing a mechanism for total catch accounting, 2) providing for a viable, profitable, and efficient groundfish fishery, 3) increasing operational flexibility, and 4) promote measurable economic and employment benefits through the seafood catching, processing, distribution elements, and support sectors of the industry.

The program has been in place since 2011 and some members of the fishing industry have expressed concerns regarding the costs of the IFQ program relative to the benefits they have realized. To better understand those concerns, the Pacific Fishery Management Council (Council) and NMFS have undertaken the required MSA program review. That detailed review indicated that the program was meeting several of its stated objectives, but the Council and NMFS are requesting a more focused study of the costs that are borne by industry and NMFS as a direct result of implementing the program. This proposal describes a study methodology that is designed to take a deeper look into those costs that are directly impacted by the IFQ program’s structure and compare those costs to comparable LAPP programs within the United States. The cost information, overall industry concerns, and comparison of costs to similar programs is intended to establish a common level of understanding for policy makers and other stakeholders that may be used when discussing the program, and identify common themes for potential program changes to reduce costs in the future.

Proposal

This project will use information that has been collected by Federal and state agencies, previous studies that have been conducted on these fisheries, and data collected through discussions with select IFQ program stakeholders, NGOs, Council members, Council staff, and agency staff. Using those data, the contractor will clearly identify the costs or potentially borne of the West Coast Trawl IFQ program and NMFS that directly relate to what is required for participation, compare those costs to comparable LAPPs, and identify stakeholder concerns associated with specific program costs.

It was anticipated, when the program was being developed, that harvesters, processors, communities, and the Nation would realize economic benefits from rationalizing this fishery. As the program has matured and stakeholders reflect on the program, there are concerns that the anticipated fishery profits are not being realized, in part, due to high costs of certain program elements. During the interview process and review of the secondary data that are available, it is expected that industry concerns can be clearly identified. Industry concerns will be linked to program elements. Program elements, the estimated costs of those elements, and costs of similar elements in other LAPPs will be reported to the Council in an initial review draft of the report and the Council will be given the opportunity to provide additional guidance. The contractor will then use information collected and the Council guidance to provide a high-level discussion of the program elements. The intent of that discussion is to provide information if the Council and NMFS delve more deeply into those policy issues in the future.

The contractor intends to use information that is available to document costs for the Trawl West Coast IFQ program. Those data may include but are not limited to the:

- Trawl Rationalization Program Cost Recovery Annual Reports,
- Pacific Coast Groundfish Fishery Social Survey,
- Economic Data Collection Program with emphasis on the
 - Catcher vessel form and
 - First receiver and shorebased processor form,
- PRA data submissions,
- PacFIN landings data, and
- West Coast Groundfish Observer Program data for at-sea discards.
- West Coast Region Permit Office Data (renewal process, transaction process (and possibly data), ownership information submission requirements, etc.)

Some additional primary data will be collected based on discussions with industry and agency staff as necessary. However, the intent of discussions with industry is to focus on better understanding and documenting their specific concerns with program costs.

Confidentiality

The success of the project relies on the collection and use of confidential data from agencies and stakeholder that voluntarily participate in the study. Use of that data will be controlled so that confidential data will never be released to the public or shared with other firms participating in the project. To ensure that confidential data will not be released, Brannan & Associates, LLC will implement the following protocols:

- only aggregated data that does not allow information from a single firm to be divulged will be publicly released,
- data collected will not be used for any purpose other than completing this study, and
- all data and other information collected for this project will be transmitted to the Council's Executive Director after the report is completed.

The Objectives

There are three primary objectives of the study. The first is to clearly identifying the costs of the West Coast Trawl IFQ program as they are affected by specific program elements (including NMFS paid and industry paid costs) and document industry concerns with those costs. The second is to compare those costs to similar LAPPs that have been developed. The third is to organize and present the information in a way that can inform future consideration of program element modifications.

Technical Approach/Scope

The project will provide background and relevant cost information for all the LAPP programs considered in this study. The final list of LAPPs and relevant cost categories will be developed by the contractor after consulting with Council and NMFS staff. Program elements will be identified that impact costs and will be reported in as much detail as the data and confidentiality limitations allow. It is anticipated that the final report will include a summary table that identifies the LAPPs considered in the columns and the costs categories as rows in the table. Text associated with the table will clearly describes how the costs were estimated and the sources of data utilized.

After the initial draft of the report is completed, it will be presented by the contractor to the Pacific Council and specific Council advisory bodies. The Council’s Executive Director will ultimately select the groups that will receive the presentations. Given the projected timeline, presentations are expected to be made at the Council’s April 2023 meeting. Council recommendations on the contractor’s work could then be incorporated into the final draft that will be completed in August 2023.

It is not anticipated that formal surveys will be developed as part of the project. Information will be collected from a limited number of stakeholders or in public meetings (at the Council’s September and November 2022 meetings and additional meetings as needed) that are designed to solicit input from stakeholders in attendance. All data collections will comply with Paperwork Reduction Act requirements.

The project is structured to allow flexibility in the collection and use of information. Discussions with stakeholders and agency staff will play a critical role in the ultimate project design and output.

Project Deliverables

The deliverables for this project include:

- A preliminary document that will be presented to the Council and its appropriate advisory bodies, tentatively in April 2023. That written report will include a summarization of the West Coast Groundfish Shorebased Trawl IFQ Program costs by program element compared to other LAPPs and a written description of costs. A detailed summary of stakeholder concerns relative to program costs, focusing on common themes brought up by stakeholders during our discussions.
- A final document that will incorporate agency and Council recommended changes as well as a discussion of how the information in the report could provide a basis for future studies that may consider program element changes.

Timeline and Supplied Material

The following materials are requested to facilitate the successful completion of the project. Other requests may be made of Council, PSFMC, or NMFS staff as the analysis is developed. All dates are for 2022 unless specified.

| Materials to be supplied by the Council, its staff, and NMFS staff | Due Date* |
|--|----------------------------|
| Introductory meeting at the September Council meeting | September |
| Support to attend November 2022 Council meeting | November |
| Identify/supply cost, harvest, and other available data sources not already listed | September-October |
| Document review, direction as needed, and miscellaneous support | September 2022 -March 2023 |
| Support for presentation at April 2023 Council meeting | March & April 2023 |
| Revise and submit document to Council | July & August 2023 |

Qualifications

I have worked as an economist studying the impacts of changes in the Alaska fisheries for 30-years as a staff economist for the North Pacific Fishery Management Council (NPFMC) and as a contractor for the NPFMC, NMFS Alaska Region, ADF&G, Pacific States Marine Fisheries Commission, and members of the fishing industry. During that time, I have worked as a primary author on almost all of the LAPPs developed in the North Pacific as well as many amendments to the original Halibut and Sablefish IFQ program. Because of that experience, I have an understanding of rationalization programs and their associated costs.

Conclusion

I look forward to working with the Council, its staff, and NMFS staff in supporting your efforts to better understand the costs of the Shoreside Trawl IFQ program and the impacts on the stakeholders. I'm confident that I can provide an analysis that will be useful when describing this critical issue to policy makers, industry members, and the general public.

If you have questions on this proposal, feel free to contact me at your convenience by email at either Darrell.Brannan@noaa.gov.

Thank you for your consideration,

Darrell R. Brannan
Owner, Brannan & Associates, LLC