

INITIAL REVIEW OF CATCH SHARE COST STUDY

Council Meeting, April 2023



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BACKGROUND

-
- Introduction
 - Structure of Document
 - Selected Catch Share Fisheries
 - West Coast IFQ & Cooperative
 - NE Sector
 - AFA Pollock
 - British Columbia IVQ
 - CGOA Rockfish
 - Stakeholder Input and Recommendations
 - Summary of Available Cost Data
 - Potential Changes for Final Draft
 - Detailed Data Appendix

STUDY TIMELINE

- Introduction of project September 2022 Council meeting
- Progress report and first opportunity for Council/stakeholder input at April 2023 Council meeting
- Final review scheduled for the September 2023 Council meeting

STUDY GOALS

- Provide stakeholders the opportunity to comment on the program.
- Compare available cost and net revenue data.
- Council review information collected and consider whether there are viable options to modify the catch share program.
- Develop a final report

WEST COAST STAKEHOLDER INPUT

- Achieved its goals of rebuilding stocks, reducing bycatch/discards, and accounting for all catch.
- Less successful creating new markets, increasing harvest of available quota, or increasing net revenue in the fisheries.
- Some of the specific concerns expressed were:
 - Observers costs.
 - All catch counts against their QP and must be retained by regulation.

STAKEHOLDER INPUT

- New fresh fish markets have not developed.
- Leasing of fish creates an expense that cannot be fully recovered.
- Access to larger fish has been reduced because of localized depletion.
- Prohibit the use of crucifiers on hook & line vessels.

STAKEHOLDER INPUT

- Program removed interest in trawling in some regions.
- Captains would rather fish pink shrimp and whiting because they do not have to deal with as many bycatch/regulatory issues.
- Consider alternatives to allow higher quality product to be delivered.

STAKEHOLDER INPUT

- Consider more flexible quota limits
- Remove stripetail rockfish from the shelf rockfish group
- Develop EM options for shoreplants
- Continue developing EM for whiting and develop EM for non-whiting fisheries
- Streamline activities with recoverable costs to what is necessary

NORTHEAST SECTOR PROGRAM

- Implemented 2010 and allocates 13 groundfish stocks
- Sector are allocated a limit for each NE multispecies stock
- Estimated catch (landings plus discards) is deducted from the limit
- Program is not subject to cost recovery
- The percentage of quota harvested varies by year, but for the most highly valued species it is well short of 100%.

NORTHEAST SECTOR PROGRAM

- Target monitoring rates.
 - Prior to 2023, achieve 30% coefficient of variation for discard estimates
 - 2023 and forward:
 - 100% of trips for 4 years, if Federal funding supports costs
 - Year 5 and beyond 40%, but allows for increased ASM coverage in year 5 and beyond, when Federal funding is available
- Realized observer coverage rates:
 - From 2010 through 2019 ranged from 14% to 32%
 - Most years were 100% Federally funded

BC GROUND FISH IVQ PROGRAM

- Groundfish fishery was integrated into a single catch share program in 2006
- The program assigned catch history to about 140 groundfish licenses and about 40 vessels are currently active.
- Successful in meeting its conservation and management objectives
- 100% at-sea (EM) and 100% shoreside monitoring. All monitoring is 100% industry funded.
- Trawl license fees are based on a flat rate plus a fee for each pound of an allocated species assigned to the license
- The program uses groundfish equivalents for calculating limits. GFEs were set in 1997 and were based on species prices

ALASKA AFA POLLOCK PROGRAM

- Formed in 1999 and 2000.
- All shoreside catcher vessels are required to have 100% monitoring coverage. Motherships and catcher-processors 200%.
- Pollock quota and Chinook salmon PSC is allocated
- Pollock quotas are harvested at close to 100% of the allocation each year.

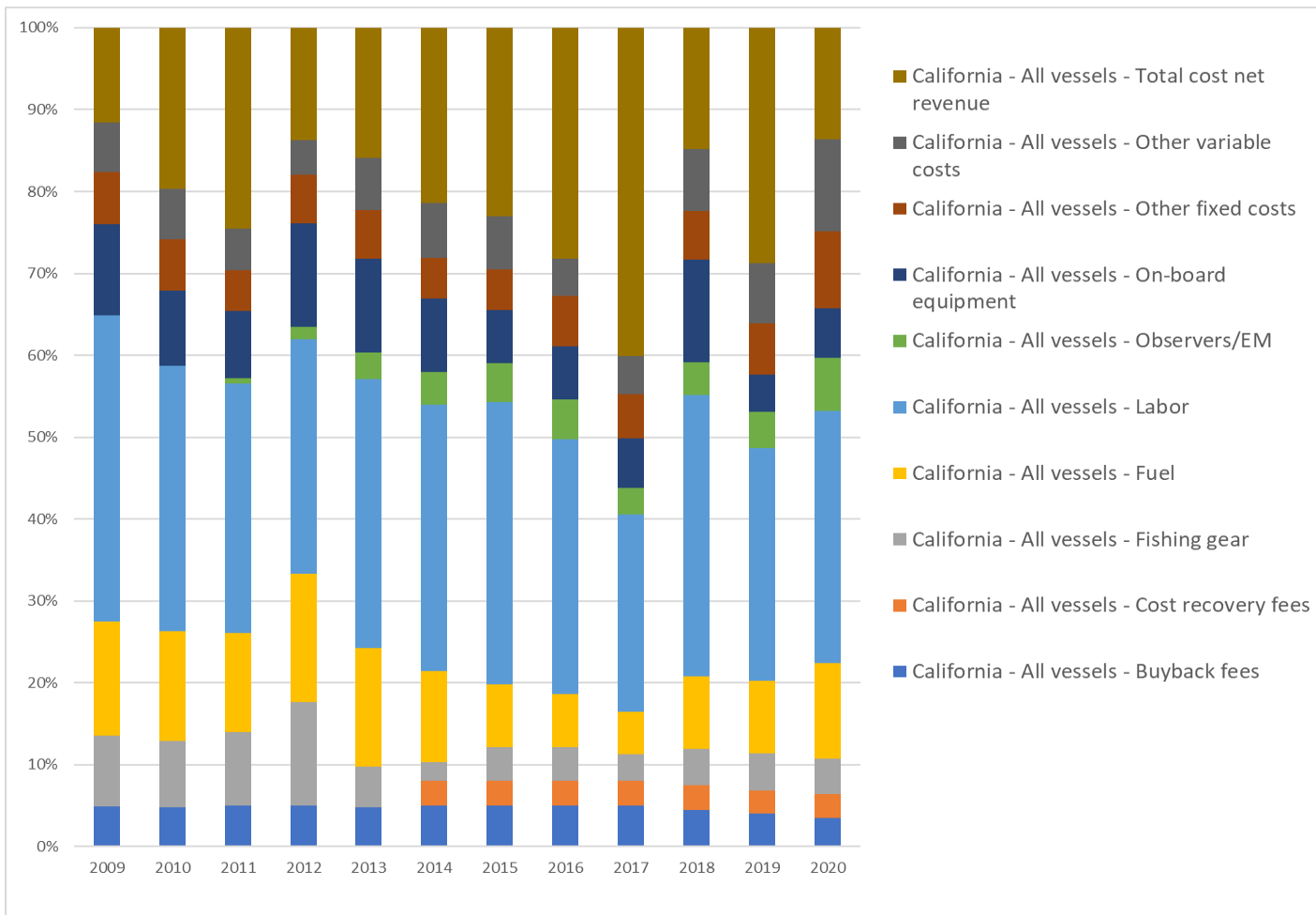
ALASKA CGOA ROCKFISH PROGRAM

- Implemented in 2007
- All catcher vessel deliveries must be made to a processor in Kodiak, AK.
- After the pilot program, the first Rockfish Program expired after 10-years requiring the NPFMC to renew permits.
- Catcher vessels have 100% monitoring coverage. EM is currently not a option in this fishery. Plants have 100% coverage.
- Cost recovery fee percentage from 2018 through 2022 was 2.86%, 3.0%, 3.0%, 2.77%, and 2.53%, respectively.

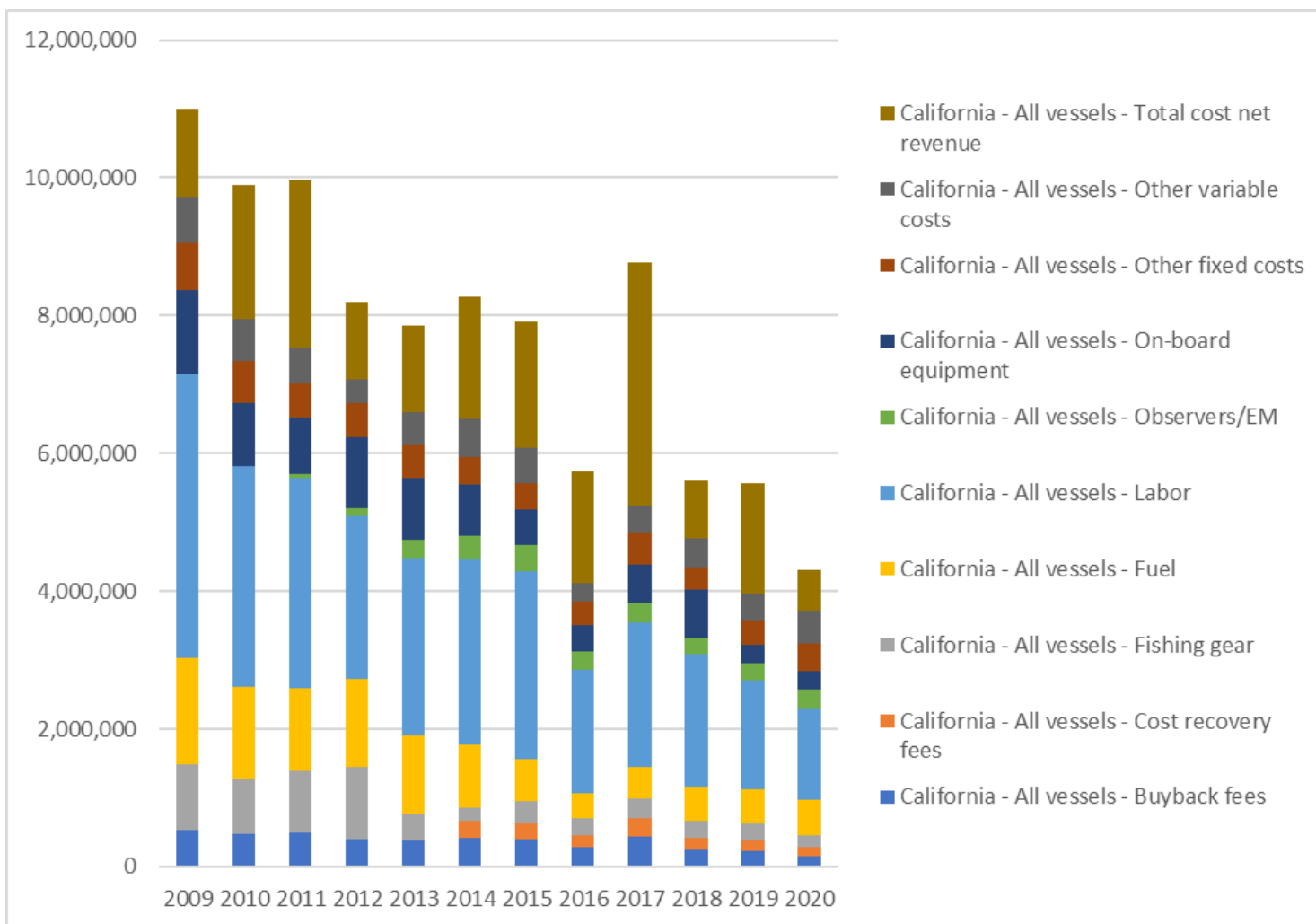
DATA COLLECTIONS: COSTS

- West Coast conducts annual surveys
- NE Sectors: At-sea observers/monitors collect trip cost. Fixed costs collected by voluntary survey
- BC IVQ: Does not have annual cost surveys.
- AFA Pollock: Very limited cost data are available. Fuel costs and Chinook salmon lease costs.
- CGOA Rockfish: Vessels...fuel, fishing gear and labor costs. Shoreside processors... labor, employees by month, and water and electric usage.
- NPFMC is considering revising all economic data collections.

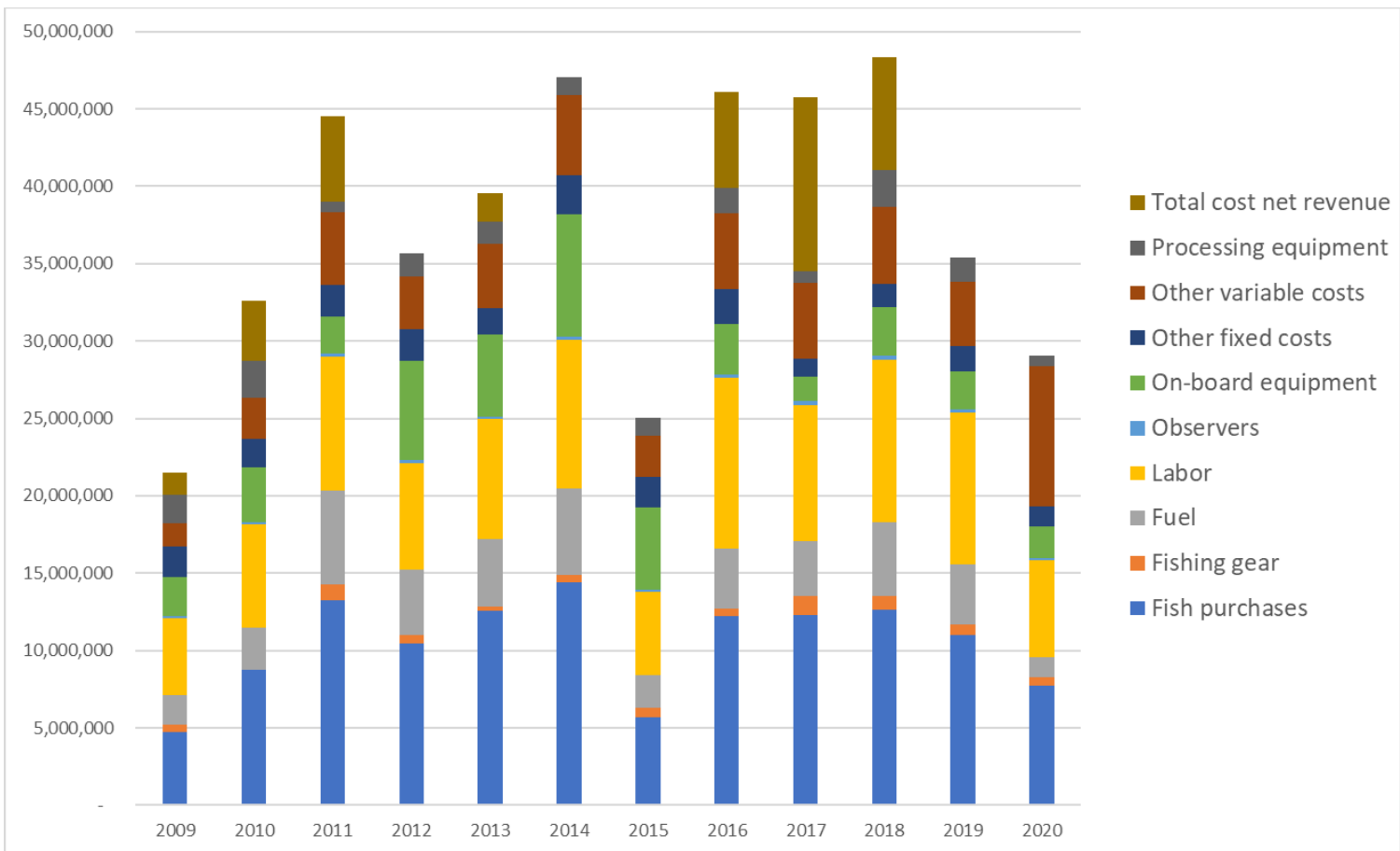
% COSTS: CALIFORNIA CATCHER VESSELS



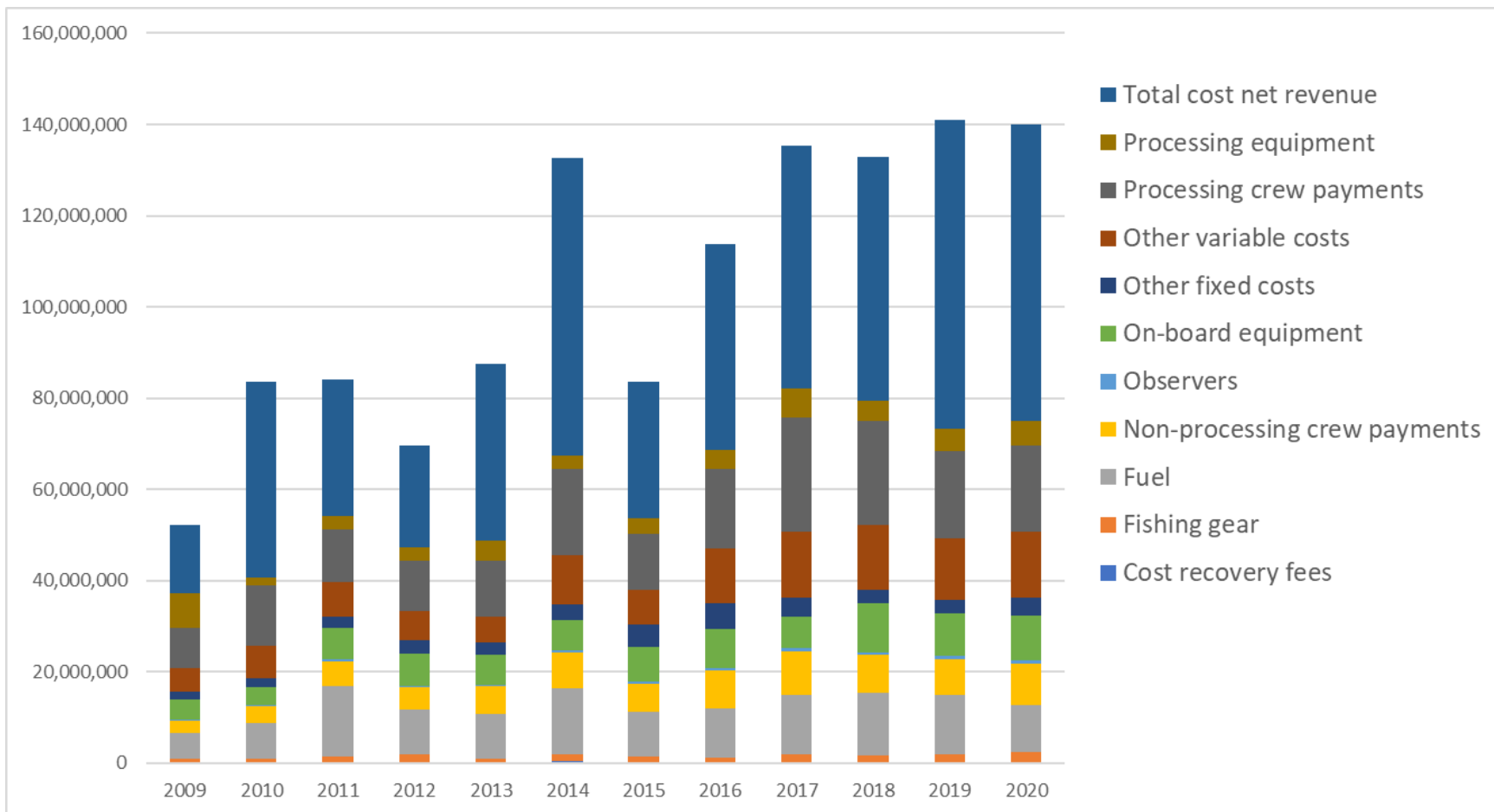
COSTS \$: CALIFORNIA CATCHER VESSELS



\$ COSTS: MOTHERSHIPS

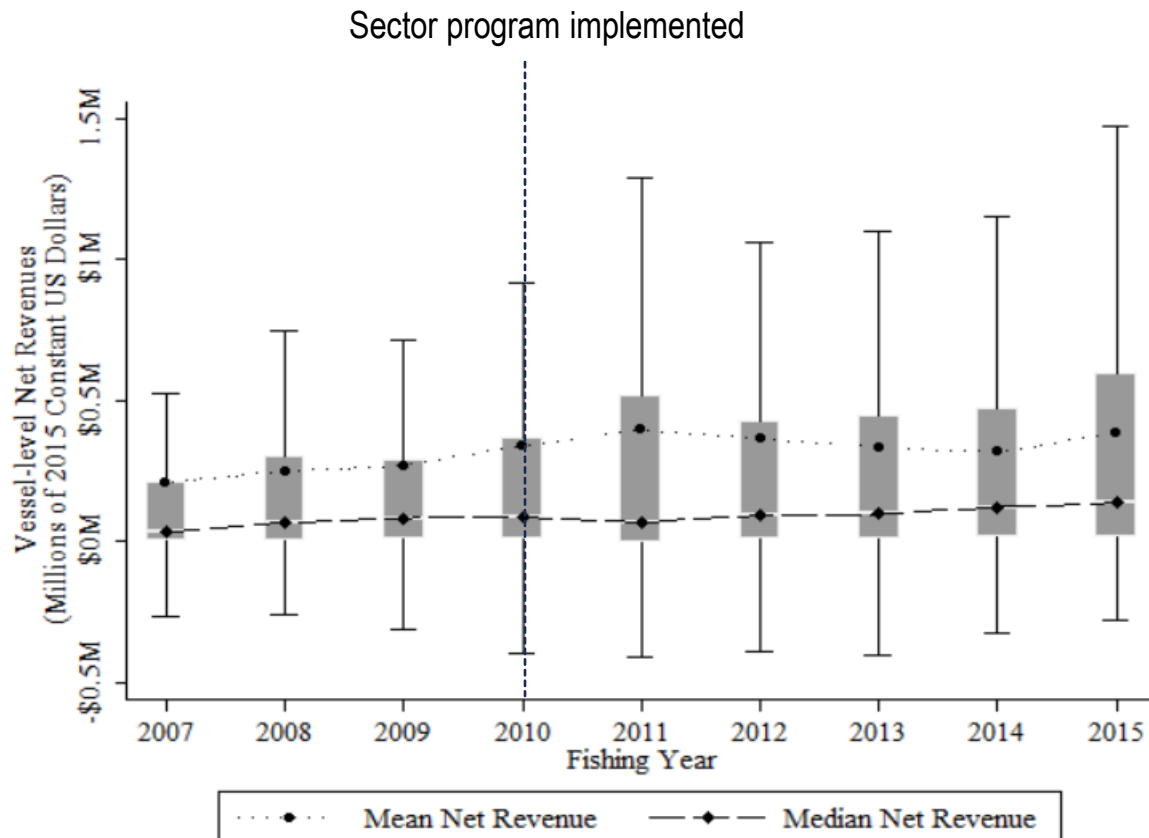


\$ COSTS: CATCHER-PROCESSORS

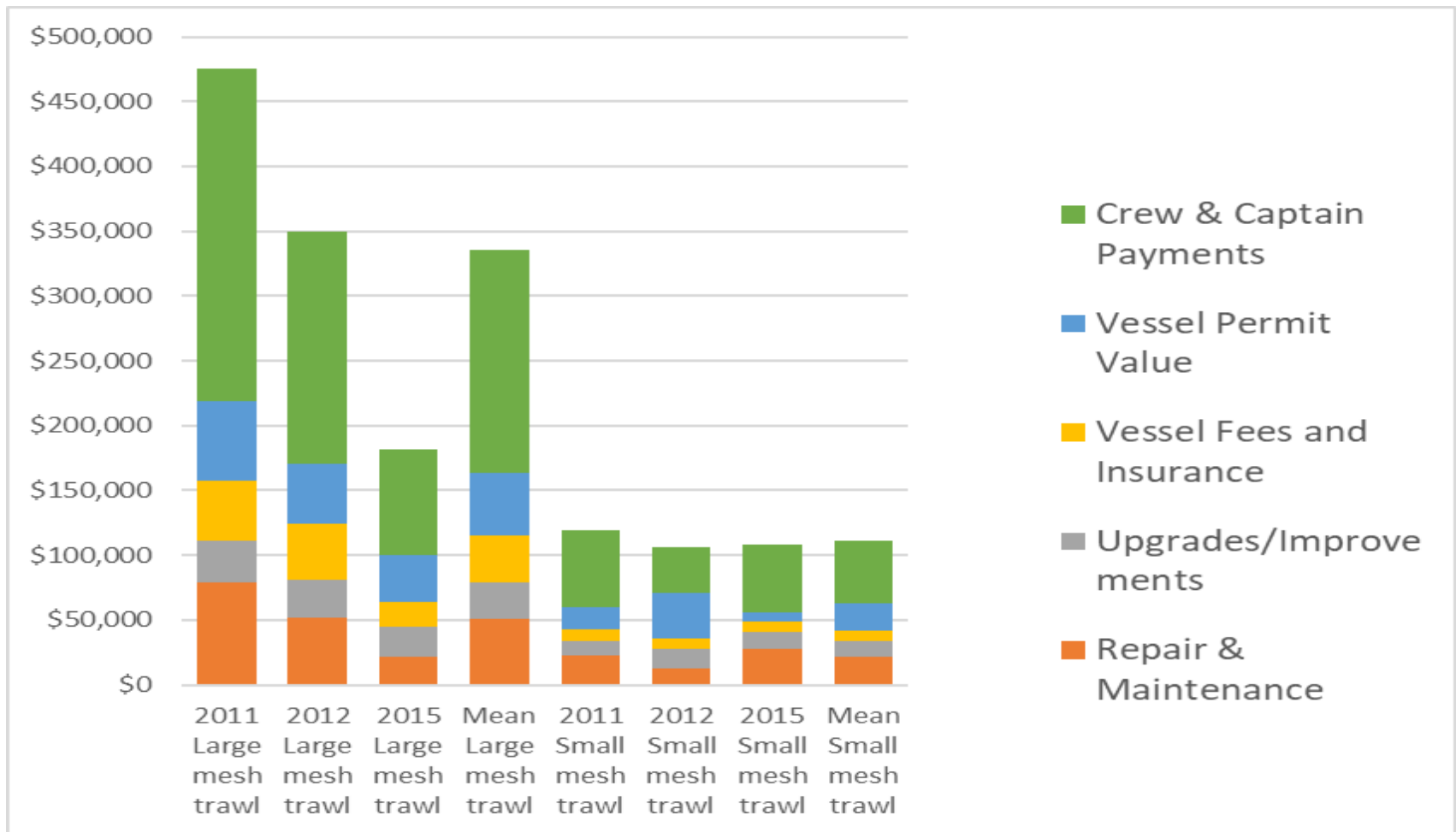


NET REVENUE VARIABLE COST: NE SECTORS

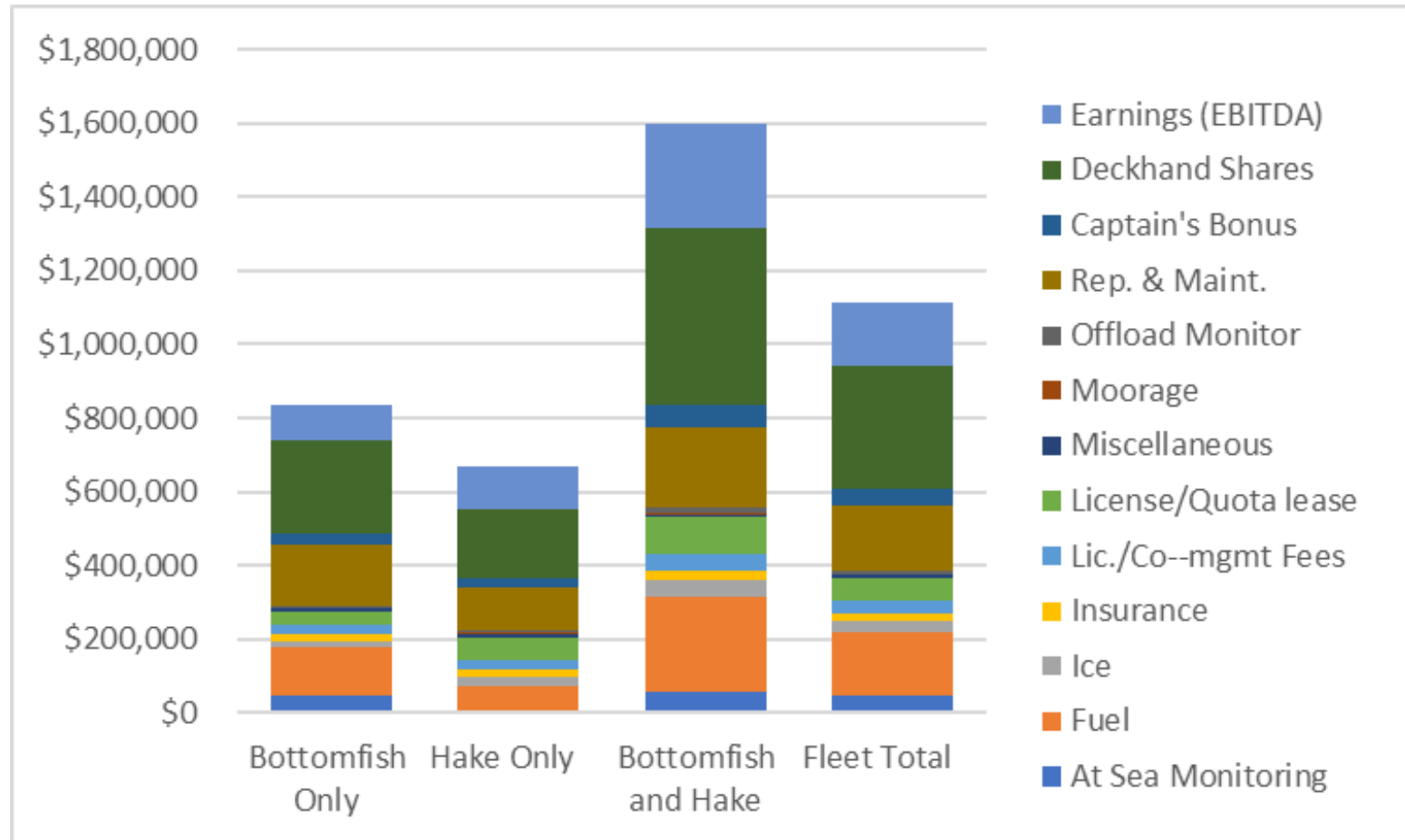
- Estimating total cost net revenue for any year is not possible using NE sector data. The figure below is taken from the 5-year review and shows net revenue less variable costs. The variable cost net revenue estimate does not indicate if vessels would be viable in the long-run.



MEAN FIXED AND LABOR COSTS: NE SECTORS



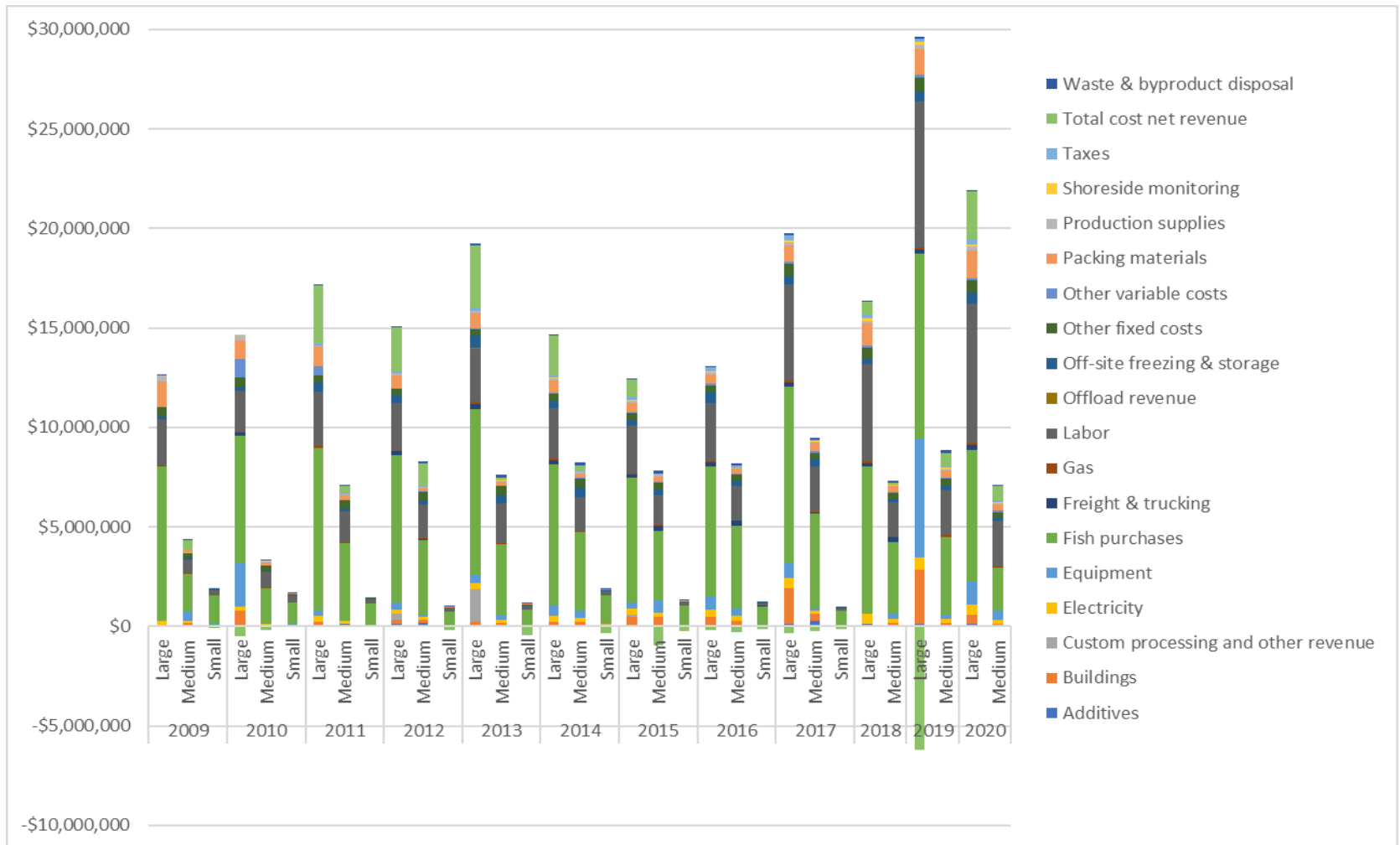
MEAN COST: BC IVQ DATA 2009



VESSELS COST SUMMARY TABLE WC CATCH SHARE FISHERIES (2014-2019), BC 2009

Item	2014-2019			NE	2009
	WC CV	WC MS	WC CP		BC
Net Revenue (Total Cost)	27.4%	10.0%	42.5%	Cannot calculate with available information	15.2%
Variable Costs	55.0%	70.7%	42.6%		67.9%
Lic./mgmt Fees/cost recovery	2.7%	n/a	0.1%		2.9%
Observers/EM	2.7%	0.5%	0.5%		5.1%
Buyback Fees	4.8%	n/a	n/a		
Labor	29.9%	22.3%	22.0%		34.1%
Fish Purchases	n/a	27.5%	n/a		
Fuel	10.4%	9.6%	10.1%		15.6%
Other Variable Costs	4.5%	10.8%	9.9%		10.2%
Fixed Costs	17.6%	19.3%	14.9%		16.9%
Fishing Gear	3.0%	1.8%	1.3%		
Processing Equipment	n/a	3.5%	3.6%		
Onboard Equipment	9.3%	9.5%	6.7%		
Other Fixed Costs	5.3%	4.4%	3.3%		

\$ COSTS MEAN: SS PROCESSORS



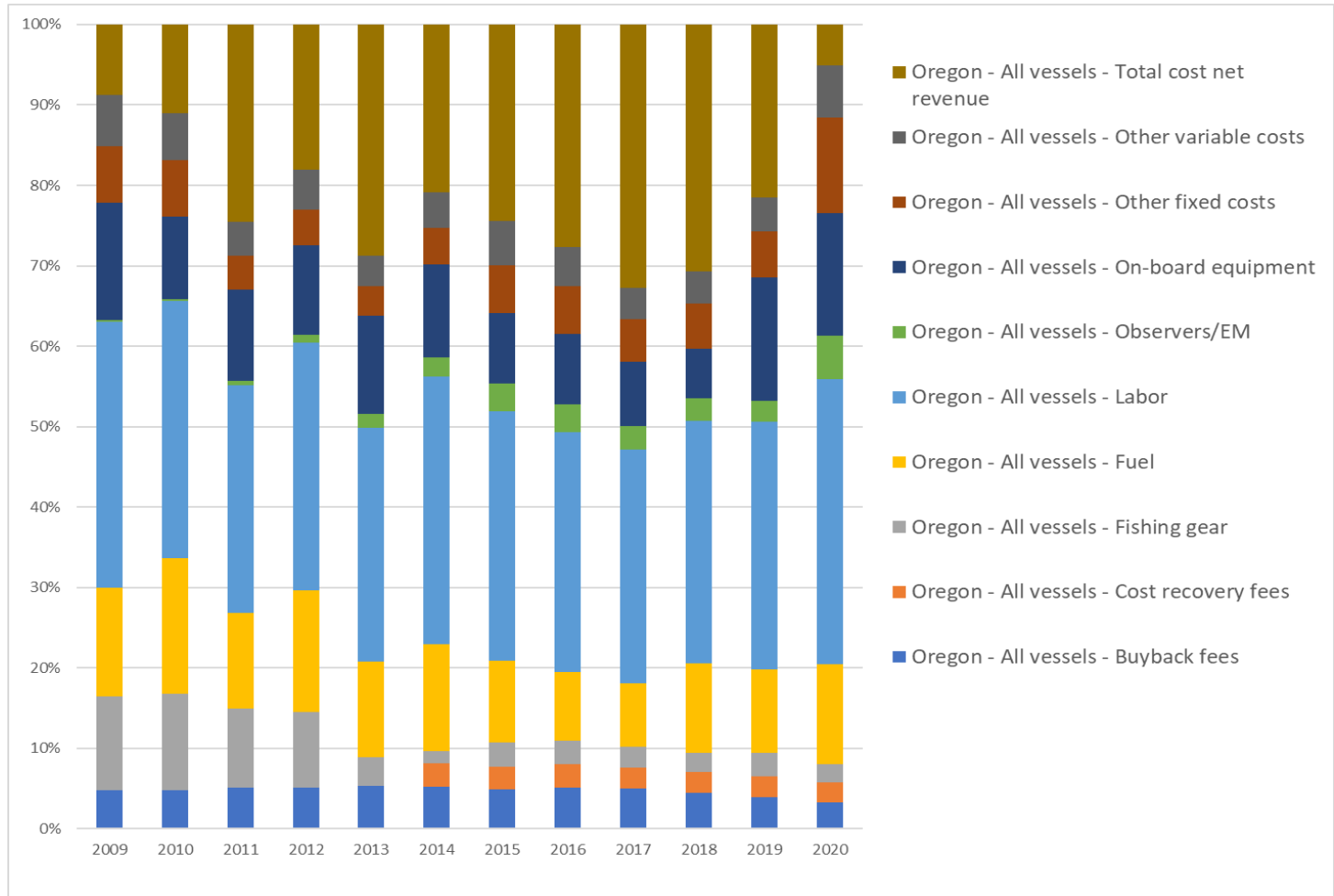
WC SS PROCESSORS COST SUMMARY TABLE GROUND FISH PRODUCTION (2014-2019)

Item	Small	Medium	Large	All
Total cost net revenue	-19.06%	-0.76%	-3.17%	-2.87%
Additives	0.06%	0.73%	0.56%	0.60%
Buildings	4.42%	3.14%	5.52%	4.73%
Custom processing and other revenue	0.00%	0.00%	0.14%	0.09%
Electricity	1.98%	2.61%	2.69%	2.65%
Equipment	1.12%	4.11%	8.21%	6.70%
Fish purchases	90.44%	49.19%	45.78%	48.18%
Freight & trucking	0.47%	1.79%	1.22%	1.38%
Gas	0.11%	0.45%	0.49%	0.47%
Labor	14.62%	23.23%	25.10%	24.19%
Offload revenue	0.00%	0.00%	0.04%	0.03%
Off-site freezing & storage	0.38%	3.56%	2.34%	2.67%
Other fixed costs	1.91%	4.29%	2.97%	3.36%
Other variable costs	0.79%	0.58%	0.54%	0.56%
Packing materials	0.93%	3.82%	4.90%	4.44%
Production supplies	0.40%	0.67%	0.66%	0.65%
Shoreside monitoring	0.61%	0.50%	0.59%	0.56%
Taxes	0.37%	0.57%	1.08%	0.90%
Waste & byproduct disposal	0.45%	1.51%	0.34%	0.72%

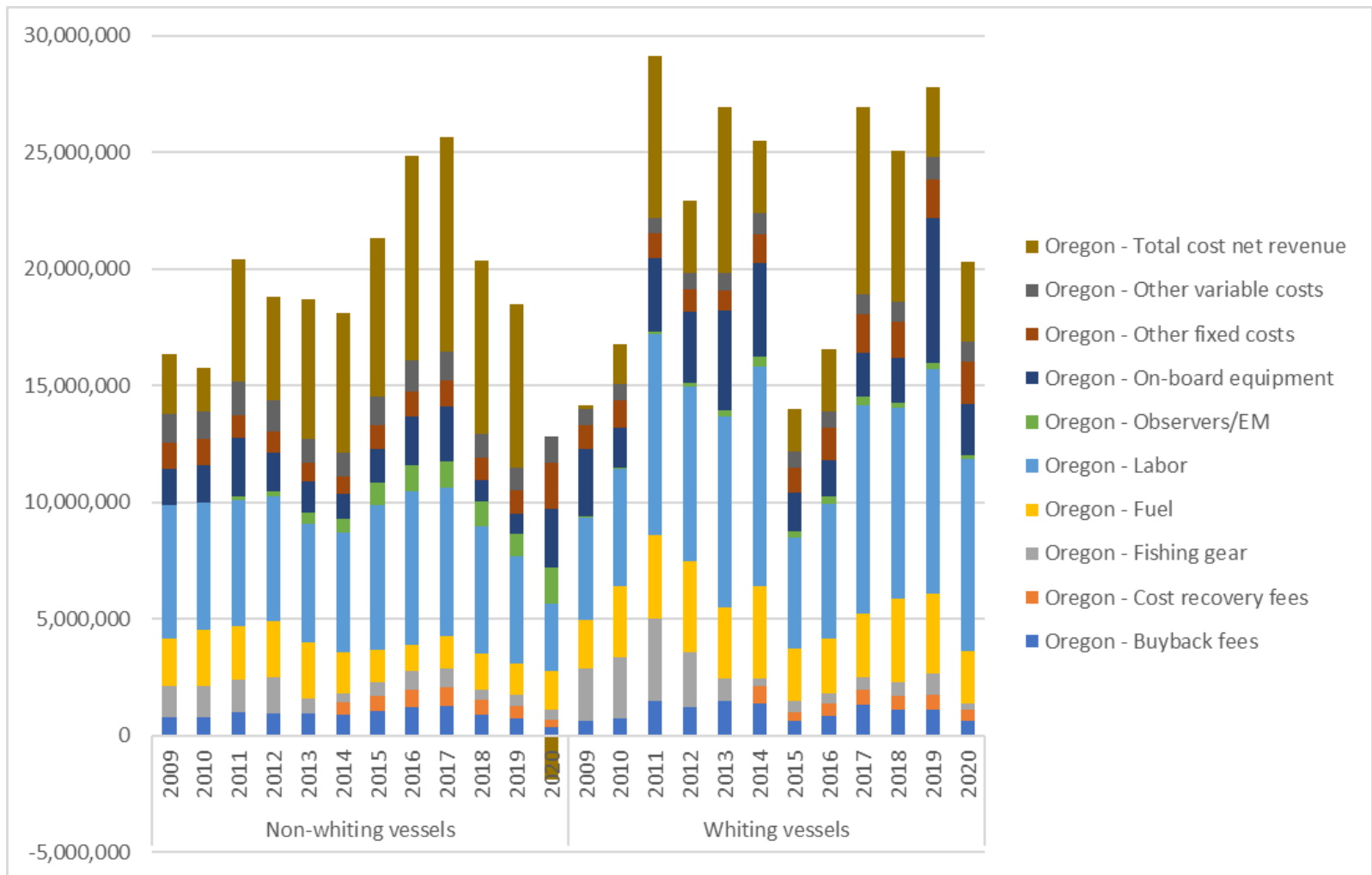
WORK TO DO

- Add data from recent surveys if available (FISHEyE 2021, NE, and BC)
- Add information from NE trip cost data model specific to trawl vessels
- Add stakeholder feedback to the extent more input is provided
- Update document to finalize sections and add more summary information
- Develop executive summary and conclusions

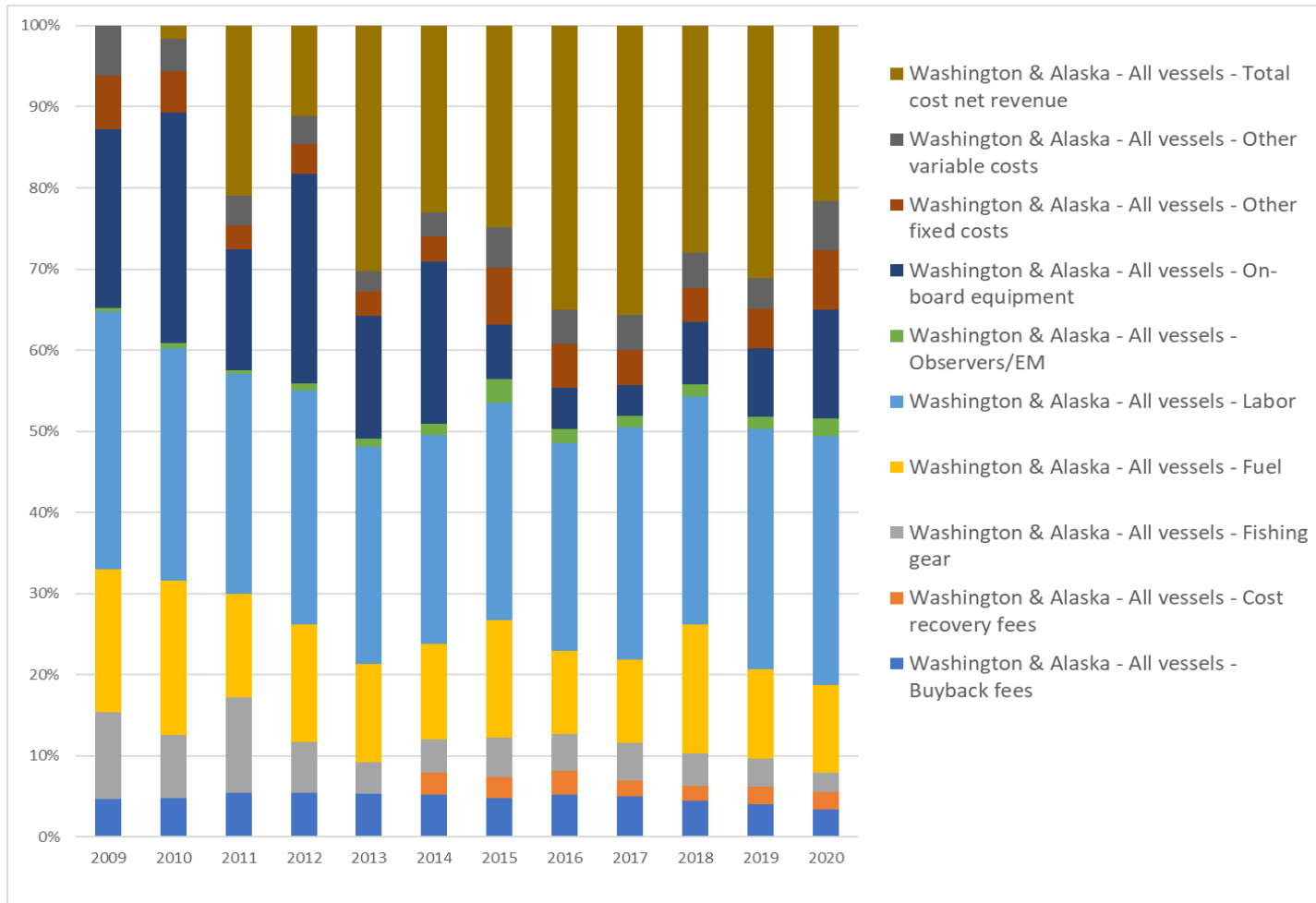
% COSTS: OREGON CATCHER VESSELS



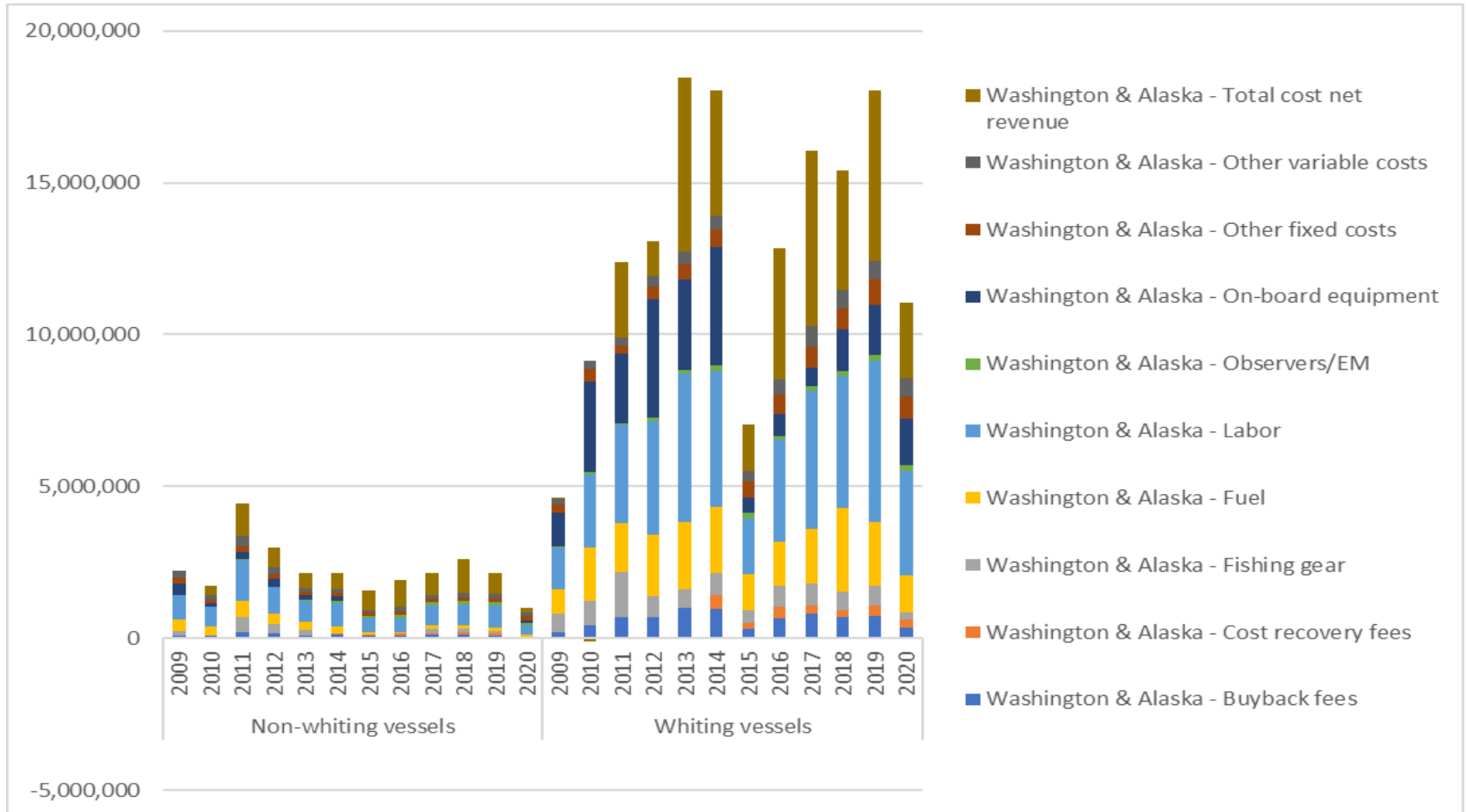
\$ COSTS: OREGON CATCHER VESSELS



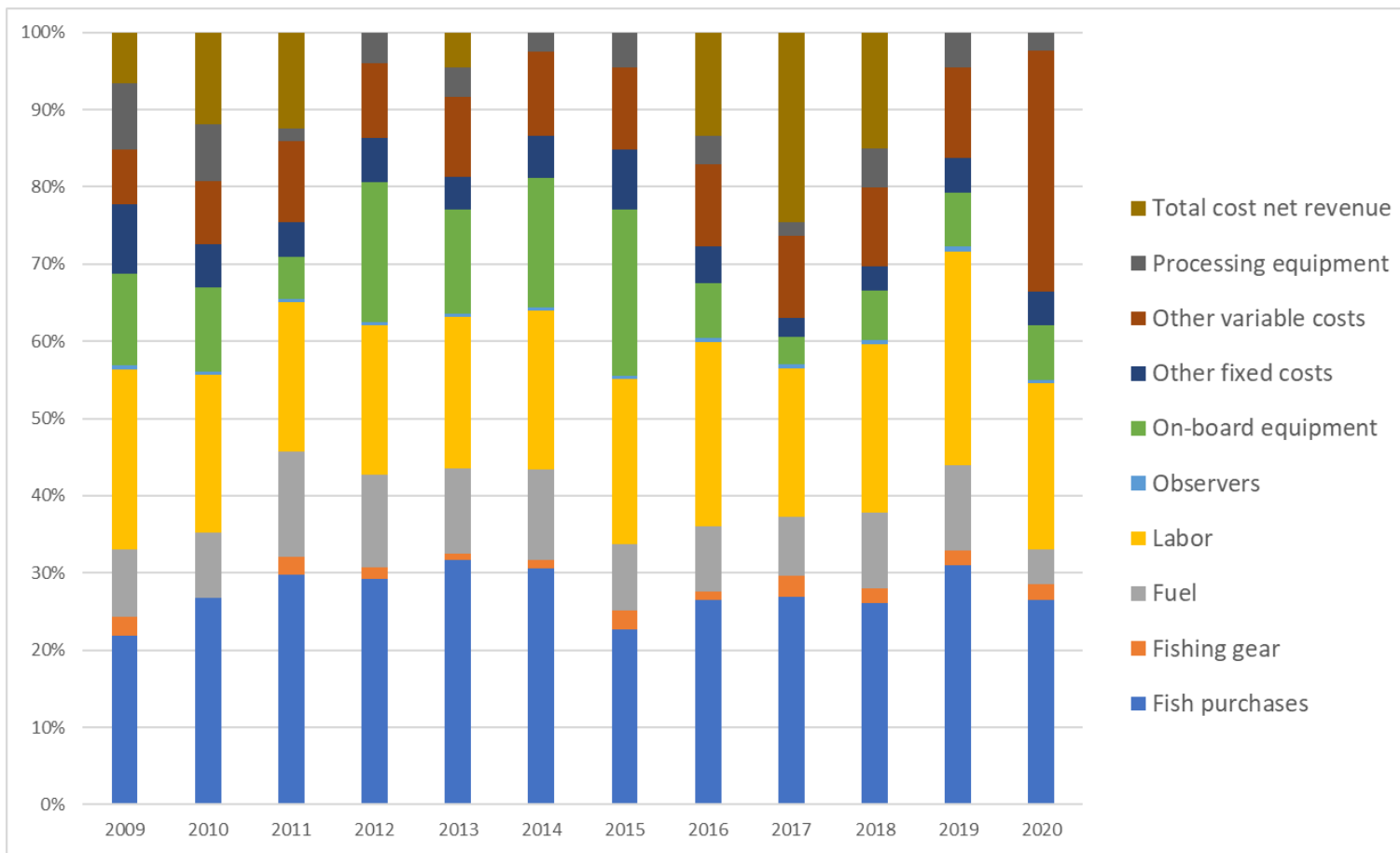
% COSTS: WASHINGTON & AK CATCHER VESSELS



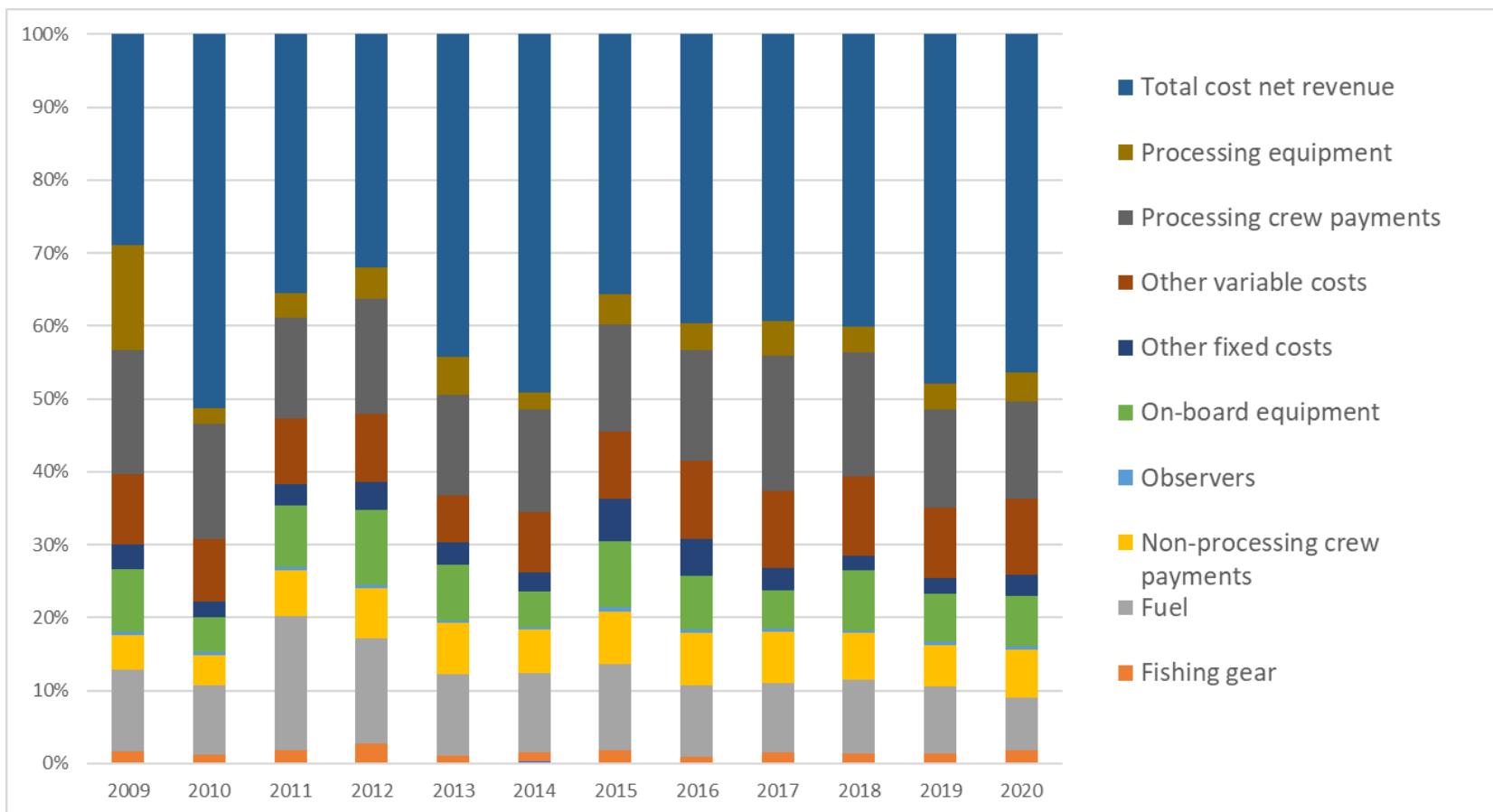
\$ COSTS: WASHINGTON & AK CATCHER VESSELS



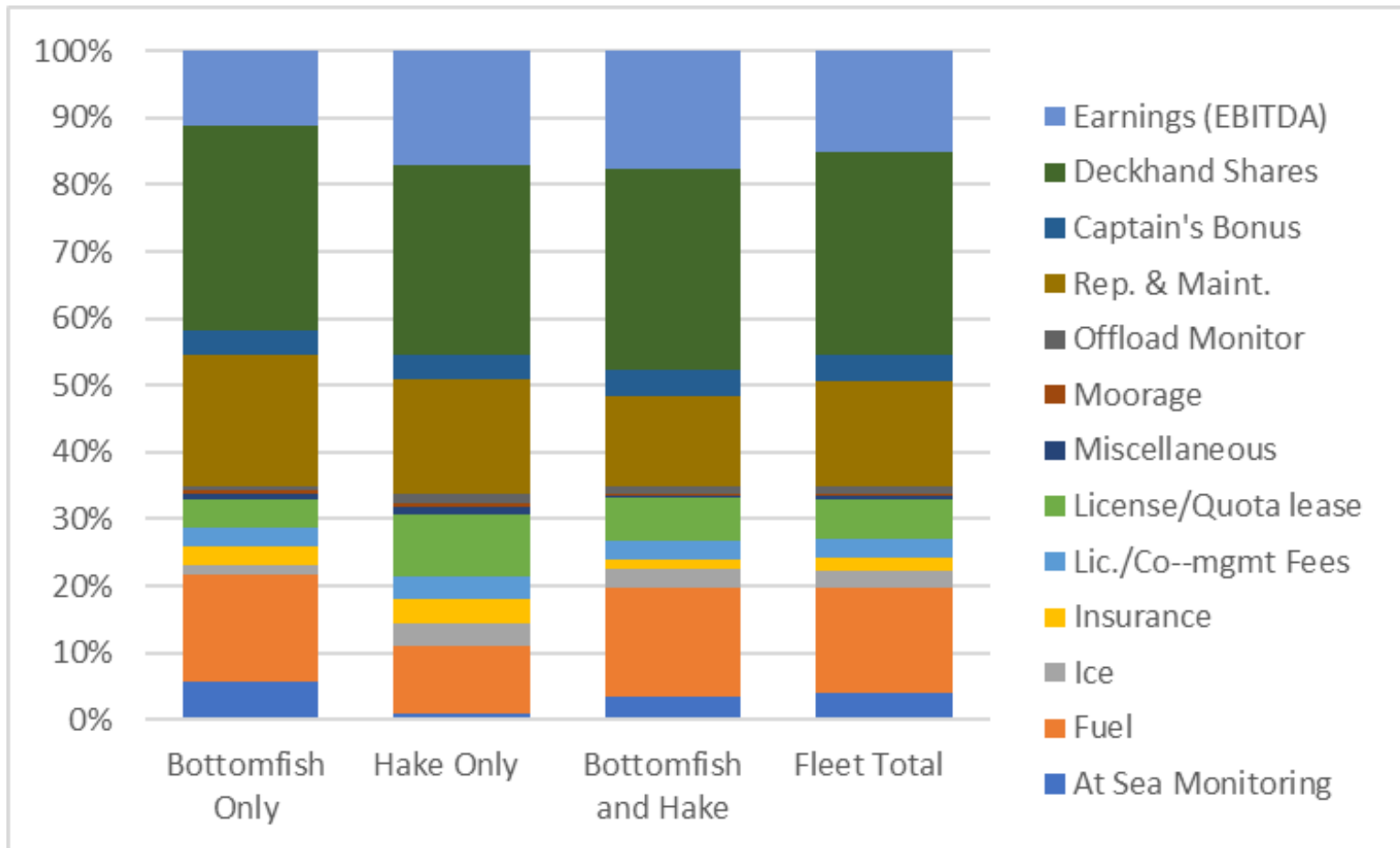
% COSTS: MOTHERSHIPS



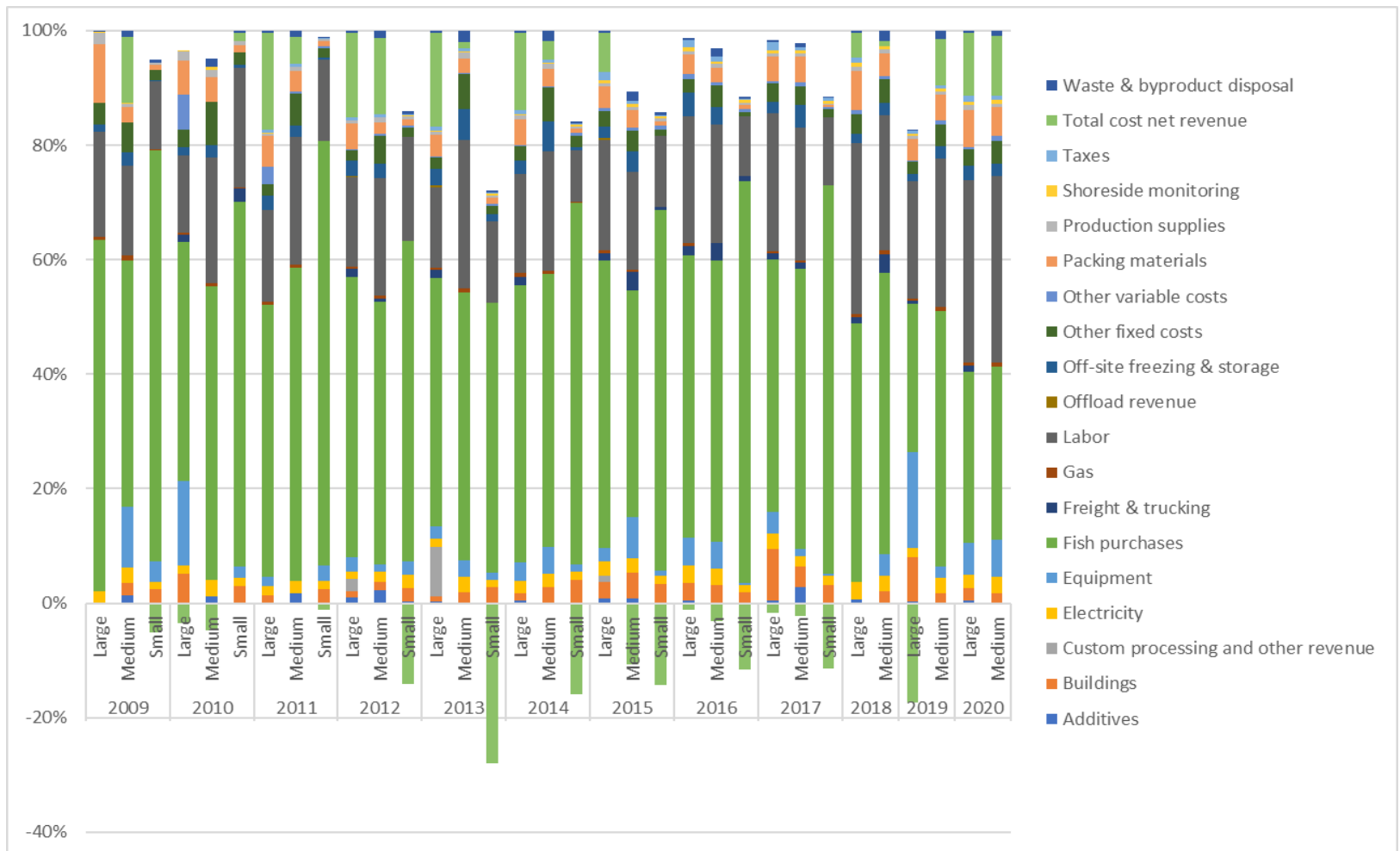
% COSTS: CATCHER-PROCESSORS



% COST: BC IVQ DATA 2009



% COSTS : MEAN PER SS PROCESSOR



TOTAL NET REVENUE GROUND FISH: SS PROCESSORS

