

REVIEW OF CATCH SHARE COST STUDY

Council Meeting, September 2023



Prepared by: Darrell Brannan (Brannan & Associates, LLC)

PRESENTATION STRUCTURE

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- Introduction
 - Project Timeline
 - Project Objectives
 - Changes to the Document
 - Findings & Conclusions

PROJECT TIMELINE

- Introduction of project at September 2022 Council meeting
- Progress report and first opportunity for GMT, GAP, and Council input at April 2023 Council meeting. SSC input after the Council meeting.
- Final review September 2023 Council meeting
- Next Steps?

CHANGES SINCE PREVIOUS DRAFT

- General edits to the document
 - Survival credits for released sablefish and lingcod
 - Information on stakeholder's responding
- Clearly state the project's objectives
- Compare costs to more U.S. LAPPs than just trawl fisheries
- Focus on program costs that are influenced by the program design
- Clarified that statements from interviews were their opinions and made other modifications to that section responding to comments in April. A summary is in Section 3 and detailed narratives are in the appendix
- Analysis of distributional effects of fees
 - Buyback
 - Cost recovery
 - QS and QP transfer prices
- Five non-trawl LAPP fisheries were added to the document

UPDATED DATA

- Economic Data Collection cost and revenue data, through 2021.
- Updated cost study information for the British Columbia IVQ program and the NE Sector program were not available for this document. It may be worth monitoring the status of those studies and providing updates, to the extent they would benefit the findings of this study, when they are available.

STUDY GOALS

- There are three primary objectives of the study.
 - Identify costs borne by stakeholders and NMFS in the West Coast Trawl IFQ program and how they are affected by specific program elements and document industry concerns with those costs.
 - Provide a comparison of those costs to similar programs.
 - Organize and present the information in a way that informs future studies that may consider program element modifications.

CATCH SHARE PROGRAMS CONSIDERED

- Programs considered in previous draft
 - West Coast Trawl Groundfish
 - NE Sector Program
 - British Columbia IVQ Program
 - Alaska AFA pollock
 - Central Gulf of Alaska Rockfish
 - Alaska Amendment 80 (non-pollock catcher-processors)
- Five non-trawl LAPPs were added in response to SSC comments

FOCUS ON PROGRAM'S DESIGN THAT INFLUENCE COST

- Detailed tables were developed for each catch share program showing
 - Agency management and enforcement costs (Tables 4-4 to 4-14)
 - Recoverable costs (Table 4-15)
 - Monitoring costs (Table 4-17)
- A table was developed focusing on each West Coast Trawl Groundfish Program element and whether the element may provide an opportunity for cost savings
 - Table 5-1 for elements that may provide cost savings
 - Section 9.5 for all elements considered

ANALYSIS OF DISTRIBUTIONAL EFFECTS: COST RECOVERY

<i>Fishery</i>	<i>Fee % Calculated</i>	<i>Exvessel value</i>	<i>Fee Payment</i>
West Coast IFQ (2017-2023)	2.5% to 4.2%*	\$40 to \$60 (million)	\$1.48 to \$2.25 (million)
AK Halibut Sablefish (2017-2022)	1.9% to 4.3%*	\$117 to \$215 (million)	\$3.9 to \$4.6 (million)
AK Crab (2017-2022)	1.09% to 2.23%	\$164 to \$218 (million)	\$2.3 to \$3.0 (million)
AK GOA Rockfish (2017-2022)	2.04% to 3.66%*	\$7.8 to \$12.2 (million)	\$209k to \$321k
Gulf of Mexico snapper and grouper-tilefish (2017-2020)	3% (charged)*	\$50 to \$53 (million)	\$1.5 to \$1.6 million

* Years a fishery cost was over 3% were capped at the 3% maximum. For the snapper & grouper-tilefish fishery the calculated amount was not available.

ANALYSIS OF DISTRIBUTIONAL EFFECTS: COST RECOVERY

<i>Fishery</i>	<i>Fee % Calculated</i>	<i>Exvessel Value</i>	<i>Fee Payment</i>
West Coast MS (2017-23)	0% to 1.7%	\$4 to \$11 (million)	\$71k to \$168k
West Coast CP (2017-23)	0% to 0.2%	\$11 to \$24 (million)	\$34k to \$133k
AK AM80 (2017-22)	0.7% to 1.43%	\$76 to \$113 (million)	\$0.84 to \$1.09 (million)
AK AFA Inshore (2017-22)	0.19% to 0.32%	\$165 to 191 (million)	\$0.34 to \$0.50 (million)
AK AFA MS (2017-22)	0% to 0.22%	About \$36 (million)	\$80k to \$125k, but not reported in years fees were not collected due to overpayment in previous years.
AK AFA CP (2017-22)	0% to 0.21%	\$158 to \$191 (million)	\$308k not reported in years that fees were not collected due to overpayment in previous years.
AK CDQ (2017-22)	0.55% to 0.85%	\$66 to \$86 (million)	\$447k to \$567k
Mid-Atlantic surf clam and ocean quahog IFQ (2021-22)	0.22% to 0.24%	\$42 to \$47 (million)	\$93k to \$113k

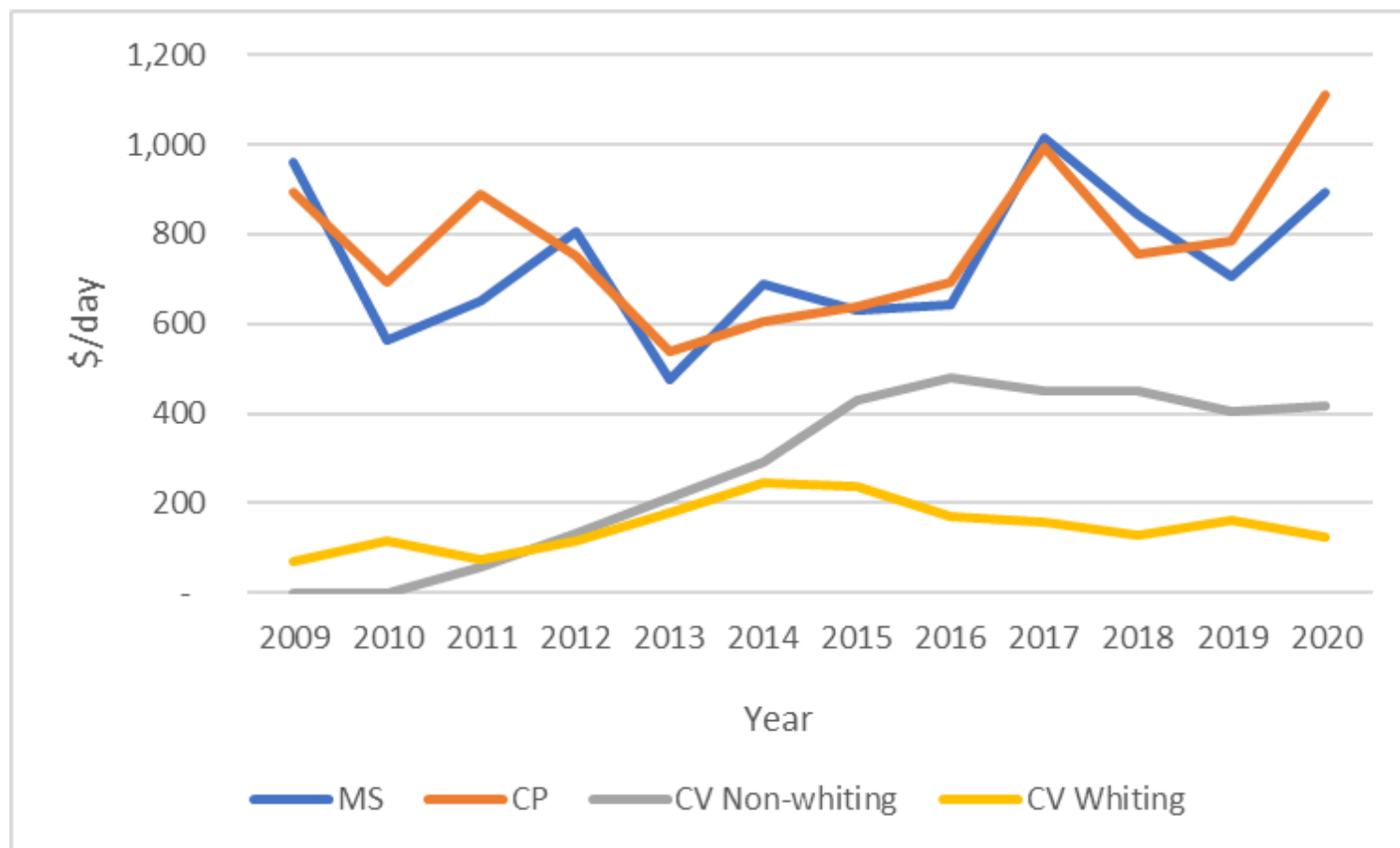
ANALYSIS OF DISTRIBUTIONAL EFFECTS: COST RECOVERY

<i>Fishery</i>	<i>Fee % Calculated</i>	<i>Fee % Charged</i>	<i>Fee Payment</i>
Individual Bluefin Quota			Cost recovery fees have not been collected in the Bluefin tuna or Wreckfish fisheries
South Atlantic wreckfish ITQ			
Northeast Sectors			Not a LAPP and not subject to cost recovery
Canada IVQ			Pays license fee: 2.9% of gross ex-vessel value in 2009

MONITORING COSTS

- Table 4-17 shows that monitoring costs and the type of monitoring required varies by program.
- West Coast Trawl Groundfish observer coverage ranges were reported to range from \$550 to \$600 / day depending on the fishery.
- EM cost for West Coast CVs was reported to be \$431/day
- Alaska full-coverage observer costs were about \$370/day to about \$430/day, depending on the fishery.
- Some catch share programs do not require 100% at-sea observers or EM, but those fisheries are based on monitoring landings and not total catch.

WEST COAST MONITORING PAID INDUSTRY COST PER DAY: SOURCE FISHEYE DATA



ANALYSIS OF DISTRIBUTIONAL EFFECTS: QS AND QP TRANSFER PRICES

- QP transfer prices are one indication of the value stakeholders anticipate generating from the use of that additional pound of quota and may be an indicator of the economic health of the fishery.
- Table 4-18 shows QP transfer prices by species group for 2011-2022. In general, lease rates during recent years tended to be less than the 2011-2022 average.
- Trends in lease rates seem to correspond with the percentage of allocated species that were harvested in recent years.

POTENTIAL COST SAVINGS ELEMENTS

- Harvest limits and quota control use issues (all represent minor cost changes)
 - 30-day limit to remedy overage >10% could impact the QP lease rates a harvester must pay.
 - Prohibition on beginning a fishing trip in QP deficit (no negative balance for any species) can increase costs to harvesters. The likelihood of cost savings may be small and there is some chance of a negative impact to the fleet if the requirement is removed.
 - Overage/Underage provision benefits industry but increases the cost to the agency to balance/adjust QP accounts on an annual basis.
 - QS and IBQ control limit changes could reduce costs to industry if they currently limit the efficient use of resources beyond that required to prevent excessive control of shares.

POTENTIAL COST SAVINGS ELEMENTS

- Monitoring Costs
 - Sectors may have the opportunity to realize monitoring cost savings either through technology changes or regulatory changes
 - Specific provisions to consider were reviewing monitoring requirements for CVs delivering to motherships, expanded use of EM, reviewing full coverage requirements for lower value fisheries that might still meet MSA monitoring mandates (this was primarily addressed at the IFQ non-whiting CV sector)
 - VMS reporting requirements (not directly related to catch share program). One stakeholder requested that the Council review the whether all the VMS notification requirements are necessary to monitor fishing behavior.

POTENTIAL COST SAVINGS ELEMENTS

- Other Issues
 - Cooperative reports. The preliminary report requirement has already been removed.
 - MSA required program and allocation reviews.

FUTURE WORK

- NMFS has provided additional funding to focus on issues identified by the Council.
- The focus of the next step is being considered at this meeting.
- This is the appropriate time for the Council to start considering recommendations for the study.

THANK YOU

- Council and staff, especially Jim Seger, Merrick Burden, and Patricia Crouse
- NOAA Fisheries staff, especially Maggie Sommer and Erin Steiner
- Stakeholders that took the time to provide input



ADDITIONAL INFORMATIONAL SLIDES

CATCH SHARE PROGRAMS CONSIDERED

- Programs added in this draft
 - Alaska Crab Rationalization Program
 - Alaska Halibut and Sablefish IFQ
 - Mid-Atlantic Ocean Quohog & Surfclam
 - Gulf of Mexico Snapper & Grouper/Tilefish
 - Individual Bluefin Quota

ANALYSIS OF DISTRIBUTIONAL EFFECTS: BUYBACK

- The buyback program has been noted by stakeholders as a cost that is a concern, but it is not an element of the catch share program.
- The analysis provides information on the outstanding principal and interest, the changes in the buyback fee percentage over time, and a summary of a study by the NW Fisheries Science Center staff on the effects of the buyback program.
- The current groundfish loan balance (January 1, 2023) was \$9.84 million and the current fee is 3.5% a reduction from the original 5%
- The findings of Science Center's study indicated
 - The average annual value of buyback quota has exceeded the average cost of financing the buyback and the average annual buyback landings fee collected between 2011 and 2014.
 - The fleet in aggregate may have gained from the buyback, but not all active vessel operators shared equally in the program gains or the cost of financing. Persons that were not initially allocated any buyback quota are most likely to be negatively impacted.

MORE FOCUSED AND LESS CONCLUSIVE USE OF INDUSTRY FEEDBACK

- The analysis was modified to clearly state that the opinions stated in the industry input sections were those of the stakeholders and not specific conclusions of the study.
- Feedback was organized to differentiate issues and costs related to the catch share program from those that are not directly impacted by program design.
- A bulleted list of feedback is provided in the main body the study (Section 3.0) and the detailed narrative is provided in the appendix (Section 9.1).

TABLE 4-18: QP LEASE RATES

Species	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Average 2011-2022
Arrowtooth flounder		0.02	0.01		0.01	0.01							0.01
Bocaccio rockfish South of 40° 10' N.	0.5		0.2	0.3	0.27	0.29	0.23	0.15	0.12	0.11			0.24
Canary rockfish	1.21	1.49	3.09	2.12	1.14	1.35		0.67	0.3			0.66	1.34
Chilipepper rockfish South of 40° 10' N.	0.05	0.03	0.02	0.03	0.02				0.01	0.01	0.01	0.02	0.02
Cowcod South of 40° 10' N.						2.06	2.37	2.06	2.09	1.53			2.02
Darkblotched rockfish	0.4	0.22	0.53	1.08	0.52	0.55	0.35	0.4	0.32	0.4	0.22	0.26	0.44
Dover sole	0.06												0.06
English sole													
Lingcod	0.07	0.05											0.06
Lingcod North of 40° 10' N.						0.01	0.01	0.03	0.01	0.01			0.01
Lingcod South of 40° 10' N.					0.01					0.01			0.01
Longspine thornyheads N. of 34° 27' N.	0.04	0.05	0.05	0.06	0.03	0.02	0.02						0.04
Minor shelf rockfish North of 40° 10' N.							0.01	0.01	0.02	0.02	0.04	0.08	0.03
Minor shelf rockfish South of 40° 10' N.			0.04	0.03									0.04
Minor slope rockfish North of 40° 10' N.		0.04	0.03	0.03	0.02	0.01	0.02	0.01	0.01	0.02	0.03	0.06	0.03
Minor slope rockfish South of 40° 10' N.	0.05	0.03	0.05		0.02		0.02	0.01					0.03
Pacific cod	0.05	0.02		0.02	0.01								0.03
Pacific halibut (IBQ) North of 40° 10' N.	1.31	1.19	1.76	0.58	0.58	0.72	0.72	0.95	0.56	0.36	0.46	0.50	0.81
Pacific ocean perch North of 40° 10' N.	0.14		0.75	0.99	0.56	0.51	0.51	0.67					0.59
Pacific whiting	0.02	0.04	0.04	0.03		0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02
Petrale sole	0.35	0.40	0.25	0.28	0.35	0.33	0.37	0.36	0.43	0.41	0.24	0.24	0.33
Sablefish North of 36° N.	1.07	1.04	0.88	1.00	1.11	1.10	1.21	1.06	0.61	0.42	0.23	0.45	0.85
Sablefish South of 36° N.	0.75	1.05	0.26	0.16	0.18	0.17	0.07				0.10		0.34
Shortspine thornyheads N. of 34° 27' N.	0.07	0.05	0.05	0.06	0.04	0.03	0.02	0.01			0.04	0.03	0.04
Shortspine thornyheads S. of 34° 27' N.	0.17												0.17
Widow rockfish	0.44	0.34	0.53	0.23	0.15	0.15	0.03	0.03	0.04	0.05	0.05	0.06	0.18
Yelloweye rockfish	32.28	21.76	29.58	27.07	19.86		13.3		13.6	14.58	14.4	13.72	20.02
Yellowtail rockfish North of 40° 10' N.		0.01	0.03	0.02	0.01	0.01	0.02	0.03	0.05	0.05	0.05	0.05	0.03