

## GROUND FISH ADVISORY SUBPANEL REPORT ON TRAWL RATIONALIZATION TRAILING ACTIONS AND UPDATES

Mr. Jim Seger briefed the Groundfish Advisory Subpanel (GAP) on the suite of trailing actions before the Council. The GAP had a robust discussion, including significant public input and offers the following comments and recommendations.

As an overarching consideration, the GAP's position is that the Council and National Marine Fisheries Service (NMFS) should focus attention on trailing actions with the greatest potential to benefit the fleet overall. While some benefits have started to accrue from the trawl rationalization program, fishermen continue to have difficulty accessing their full complement of target species. At the same time, many additional costs have been, and more costs soon will be, imposed on the fleet. With that in mind, the GAP would like to see the Council focus on trailing actions that reduce program costs, provide additional flexibility, or provide additional access to target species. Based on this reasoning, the highest priority trailing action for the GAP is **electronic monitoring**.

As an additional overarching comment, the GAP understands that NMFS is recommending delaying action on several items due to concerns about being able to draft regulations in a timely manner, given everything else before the agency at this time. The GAP recommends that the Council move forward so that the only bottleneck is in NMFS rulemaking, rather than additional delay in Council action and further delay for regulation drafting.

### **Electronic Monitoring**

As mentioned above, the highest priority for the GAP is to begin development of a trailing action to authorize electronic monitoring (EM). The GAP believes that the Council should begin scoping the issue at its March 2013 meeting. There are two primary goals to this effort: reducing program costs, and increasing operational flexibility.

High program costs, of which observer costs make up a significant portion, threaten the economic viability of fishing businesses and communities. At the same time, we have heard from many fishermen that difficulty in getting an observer has led to missed trips, which can represent significant missed opportunity. This problem is only likely to get worse. For example, it appears that some ports are simply not profitable for observer providers, and that some may stop providing coverage, or offer even more limited coverage (i.e. number of observers relative to number of active vessels in port) at increased cost.

We believe the solution is a thoughtful, planned approach to phase in a more cost-effective monitoring system that will allow fishermen to fish when conditions are right rather than when an observer is available. Development of that approach needs to begin as soon as possible. As a first step, the Council, in collaboration with NMFS Northwest Region, Office of Law Enforcement, and NMFS Northwest Fisheries Science Center, should identify goals and

objectives for a monitoring program. This will help guide the EM tests currently underway, and will allow exploration of trade-offs between potential monitoring tools.

In addition to urging the Council to begin scoping at its March meeting, the GAP also recommends a detailed discussion between all the relevant stakeholders on this issue focused on implementing EM in this fishery. Ideally, this “EM workshop” would occur prior to the March meeting and would help inform the Council’s thinking on goals and objectives, as well as enforcement, management, science, and industry considerations.

The GAP believes that the whiting fishery represents the lowest hanging fruit, as they previously had a functioning EM system under their EFP. Likewise, fixed gear vessels are prime candidates for EM in the short term. The GAP is confident EM can be successfully utilized on bottom trawl vessels as well, particularly under a full retention system which several trawlers in the audience testified is reasonable given the current limited discard.

Related to the difficulty in securing observer coverage in certain ports, we urge NMFS to finalize regulations to certify new observer providers. This could help alleviate those difficulties.

In addition to video monitoring, the GAP is also supportive of moving forward with development of an E-log book system, provided integrating the two does not slow implementation of EM.

We cannot adequately stress the importance of this issue. We urge the Council to begin discussions so that efforts underway to test the technology provide pertinent information, and of equal importance, that there is a parallel regulatory process underway so that the technology can be implemented as soon as possible.

### **Chafing gear**

The GAP supports alternative 1 (the final preferred alternative adopted in April 2012). Alternative 1 comports with the chafing gear currently used by the majority of the fleet, and provides the best protection for expensive cod ends. The GAP recommends modifying the language of alternative 1 slightly to make clear that attaching the chafing gear inside or outside the riblines and straps should be allowed. NMFS implementation of the previous final Council action on chafing gear is a high priority for the GAP, as much of the fleet is currently out of compliance. This is a simple fix and should be taken care of quickly.

### **Safe harbors for lenders**

The GAP notes that there are two decision points identified in the decision document: lending entities qualifying for an exception and the scope of the exception provided.

Under lending entities qualifying for an exemption, the GAP supports alternative 1 (preliminary preferred alternative). This alternative better clarifies who qualifies as a lender entitled to the exception, and ensures that the exception is limited to entities whose primary business is lending.

Under the scope of the exception provided, the GAP recommends a modified version of alternative 2:

Add the appropriate language providing an exception for lenders to paragraph C. Also, remove the exceptions provided to lenders in paragraphs E and F. Add, at the end of paragraphs other than C and G, language to the following effect: “with the exception of those activities allowed under paragraphs C **and G.**”

While we previously supported alternative 3, we now believe it unnecessarily restricts lenders’ ability to collect on loans in foreclosure by diverting quota pounds (QP) to the Adaptive Management Plan. Modified alternative 2 makes it possible for lenders to access available QP during foreclosure, thereby reducing lenders’ risk, and making it more likely that there will be adequate access to financing.

The GAP believes these alternatives (option 1 under lenders qualifying for the exception and option 2 under scope of the exception) will best facilitate lending in the fishery by providing lenders with security so that they will not run afoul of the control rules by using quota share (QS) as collateral, and that they will be able to protect their interest in that collateral by preventing sale, lease, or other disposition of the QS, QP, or individual bycatch quota in the event of a foreclosure.

### **Whiting season**

The GAP supports the preliminary preferred alternative to use a single May 15 start date for the entire fishery and remove the 5 percent California early season cap. A start date of May 15 equalizes the opportunity of all whiting sectors, giving the whiting sector as a whole flexibility to best time harvest and processing to maximize net revenues. It will also simplify the regulatory structure. Ultimately, the GAP would prefer to move forward with a year-round season, but we recognize that such an action requires significant additional analysis. The proposed change is aimed at securing an interim opportunity.

The GAP heard significant comment from the audience on this issue. Some in the mothership sector opposed the change, expressing concern about salmon bycatch. The document does not suggest that salmon bycatch would in fact increase with a May 15 start, and the shoreside sector unanimously supports the change. The GAP further notes that the data in the BiOp is based on the derby fishery. Current conditions are dramatically different.

### **Widow rockfish reallocation**

Widow rockfish reallocation is a high priority for the GAP. However, the GAP understands that it is unlikely that electronic monitoring and widow rockfish reallocation can both move forward in the short term. The GAP believes that electronic monitoring is a slightly higher priority because it will benefit the fleet overall. The GAP understands that prioritizing electronic monitoring may result in delay on development of widow rockfish allocation alternatives, and in that event the GAP recommends delaying quota share trading for widow rockfish until such time that Council staff can focus on the issue.

With those comments in mind, the GAP recommends analyzing the following alternatives at the appropriate time. The rationale behind the options outlined below is to provide a broad suite of alternatives that clearly analyzes current and historical harvest, employment in harvesting and

processing, investments and dependence on the fishery, and the current and historical participation of fishing communities.

For all options below, the portion of the quota share allocations based on 1994-2002/03 incorporate all aspects of the initial allocation formula, including drop years and equal sharing.

Each of the alternatives also includes adjusting the split of QS allocated between whiting and non-whiting trips based on the within shoreside splits specified in Amendment 21 for widow rockfish under rebuilt status.

#### GAP Alternatives:

- 1) Complete reallocation based on catch history using the same formulas (94-03) used for the original allocation of target species.
- 1b) Same as option 1, except change the end year in the formula to 2002, as the targeted widow fishery effectively ended in that year.
- 2) Same as alternative 2 in the decision document, except that the final year in the allocation formula should be 2002. This option takes into account recent participation using 2011 and 2012 allocations as a proxy for dependence and harvest.
- 3) Same as alternative 3 in the decision document, except that the final year in the allocation formula should be 2002.
- 3b) Same as alternative 3, except reallocate the 32.75 percent not allocated by the formula based on recent landings (average landings 2008-2010). This alternative was included to recognize that recency needs to be analyzed as part of this action.

The GAP also discussed an alternative that would analyze value of recent non-whiting groundfish landings (2003-10) as a proxy for dependence on the fishery. The widow allocation under this formula would be based on overall groundfish value pro rata. For example, if a fisherman had landed 3 percent of the value, he would be allocated 3 percent of the widow rockfish.

The GAP also discussed a variation of this alternative that would analyze recent landings of groundfish by weight (2003-10) as a proxy for dependence on the fishery.

Ultimately, the GAP did not endorse either alternative, and feels the range described in 1-3b above is adequate.

Finally, the GAP considered more recent alternatives such as harvest during 2011 and 2012, but ultimately rejected that approach because, in many instances, the link between limited entry permits and QS accounts has been severed. The GAP's intent was to provide a range of alternatives that included recent harvest and participation. If the Council believes the GAP recommended alternatives have not adequately covered recency, then additional alternatives should be explored.

#### **Whiting carryover**

The GAP recommends suspension of surplus whiting carryover until the 5-year review. The GAP notes that the Whiting Treaty Advisory Panel and the majority of the participants at the

whiting carryover workshop supported using the carryover process in the Treaty rather than the carryover process in the groundfish FMP. The GAP agrees with these recommendations.

### **Cost recovery**

A majority of the GAP recommends delaying implementation of cost recovery until January 1, 2014. First and foremost, cost recovery fees coupled with buyback, increasing responsibility for observer costs, and high fuel prices have the potential to drive some fishermen out of business. This is especially true in light of the fact that the fleet is still accessing only a small fraction of the total target species available. Delaying cost recovery will provide fishermen with further opportunity to take advantage of underutilized species (e.g. yellowtail rockfish, lingcod etc.). It would also align with an effort currently underway to refinance the 2003 buyback loan. Finally, there is a fair start issue. Fishermen who fish early in 2013, before cost recovery goes into effect, won't pay fees on those landings, while those who fish later in the year will.

A minority of the GAP believes that cost recovery should go forward as scheduled. Cost recovery is a requirement of law and was clearly identified as an obligation that was to be met in exchange for allocations and the benefits of an individual transferrable quota program. However, the minority fully agrees with the rest of the GAP that emphasis needs to be given to changes in regulations that will allow the fleet to access those benefits, such as by modifying Rockfish Conservation Area lines and obsolete gear restrictions.

### **Adaptive Management**

The GAP believes the development of an Adaptive Management Program is of low priority given all of the much more important rulemakings that NMFS needs to complete to make this program successful. The GAP recommends that the Council suspend action on this item until there is a demonstrated need. Much of the initial rationale behind adaptive management had to do with community stability and fostering new entry. It is unlikely we will know whether we have a problem in either category until quota share transfer is allowed. Moreover, the GAP believes that the best way to ensure community stability is to ensure that harvesters and processors remain viable by reducing program costs and removing outdated regulations that limit access to fish. In particular, an EM program may contribute to community stability by reducing disparities in observer costs between communities.

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