

Alternative Approaches to Designing Dedicated Access Privileges for North Pacific Fisheries:

Focus on Halibut/Sablefish Individual Fishing Quotas

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Anchorage, Alaska

MAFMC Catch Shares Workshop
March 16-18, 2010



Primary Types of Catch Share Programs in Alaska's Federal Fisheries

- Harvester IFQ program (Bering Sea/Aleutian Islands (BSAI) halibut and sablefish fisheries, Western Alaska Community Development Quota program)
- 'Two-pie' IFQ/IPQ (harvester/processor) program (BSAI crab fisheries)
- Fishery Cooperative programs (Bering Sea pollock, BSAI flatfish, Central Gulf of Alaska rockfish)



Lessons Learned:

- Identify goals, often balancing environmental and social considerations against economic efficiency gains
- Select program and design elements that suit the unique features of a fishery, its participants, and the management objectives
- Maximum flexibility to managers is necessary
- Cooperative model can be very effective in achieving balance of benefits across sectors and reducing management burdens
- Include information collection requirements, review the program, and amend it (only?) when necessary

Halibut and Sablefish Harvester IFQs (1995)

Small vessel fishery with strong coastal community ties. Program elements designed to allow efficiency and consolidation while maintaining coastal community structures and fleet composition, end derby (was 24 hour fishery - now open 10 months), increase safety.

- Allocation of shares to individual vessel owners
- Vessel type and size categories for QS
- Owner-on-board requirements (some categories)
- Limits on leasing/transferability (across categories)
- Use/ownership caps (individual and vessel level)
- Block program (further check on cons)
- Loan program (for new entry)
- Community purchase program





Commercial Quotas and Value

<u>SPECIES</u>	<u>QUOTA</u> <u>(million lbs)</u>	<u>VALUE</u> <u>(million \$)</u>
Halibut	30-60	90-150
Sablefish	25-45 (H&L)	75-150

Problems in the Fisheries

- Short seasons, high effort
- Harvests inefficient, wasteful
- Gear conflicts, grounds preemption
- Low catch-per-unit-effort
- Safety issues
- Low quality, low price



Pros of IFQs

- Conservation of resources
- Longer seasons
- Reduce effort, costs
- Increase value
- Steady work force
- Improve safety
- Consumer benefits

Cons of IFQs

- 'Privatizes' resource
- Contrary to fishing lifestyle
- Initial "windfall" unfair
- Economic power to QS holders
- Consolidation effects (jobs)
- Compliance (hi-grading, under-reporting)
- FEAR of unknown

Goals

Management

- Sustainable fisheries
- Improve safety
- Improve economics
- Improve product quality & value

Social

- Retain entry opportunities
- Maintain industry profile
- Limit consolidation
- U.S., owner-operator fleet
- Allow historic practices
- Preserve community stability thru revenues & jobs



Implementation

- Official record
- Direct mailed, advertised
- ~ 8,000 applications
- Issued: ~ 5,000 halibut permits
~ 1,200 sablefish permits
- Denied: (all or part) ~ 1,800
 - 10% of denials appealed
 - 11 court cases (8 for NMFS)



QS Eligibility, Issuance



- U.S. vessel owners *or* lessees
- Vessel with landings (1988, 89, 90)
- Actual landings - no 'hardships'
- QS units = \sum lb of 5 'best' years:
 - 5 out of 7 years (1984 - 1990) for halibut
 - 5 out of 6 years (1985 - 1990) for sablefish

Nature of QS

- Privilege, not a “right” nor subject to ‘taking’
- Entitles holder to % of TAC:
 $(QS/QS \text{ Pool}) * TAC = IFQ$
- Issued by: species, area, vessel LOA
- Blocked or unblocked
- Entitles holder to harvest IFQs
- Used as collateral
- Transfer by “operation of law” but IFQ ‘restricted’ for unqualified receiver

Significant Program Elements

- QS blocked or unblocked
- Citizenship, use, vessel caps
- Transfers, adjustments
- Hired Masters
- Fees & loans
- Community purchase





QS Blocks

Goal: maintain entry level opportunity

- QS is 'blocked' if initial award is small
- Blocks are not divisible
- Cap on number of blocks allowed
- 'Sweep-up' of small blocks

QS/IFQ Vessel Categories

Goal: maintain fleet profile

Category	Vessel type	Vessel length
A	freezer vessels	any length
B	catcher vessels	> 60 ft
C	catcher vessels	sablefish # 60 ft halibut: # 60 ft but > 35 ft
D	catcher vessels	halibut: # 35 ft



QS Use Caps

Goal: anti - consolidation

- Use caps for quota holders
- Vessel caps for vessels



Transfers

Goal: U.S., small owner-operator

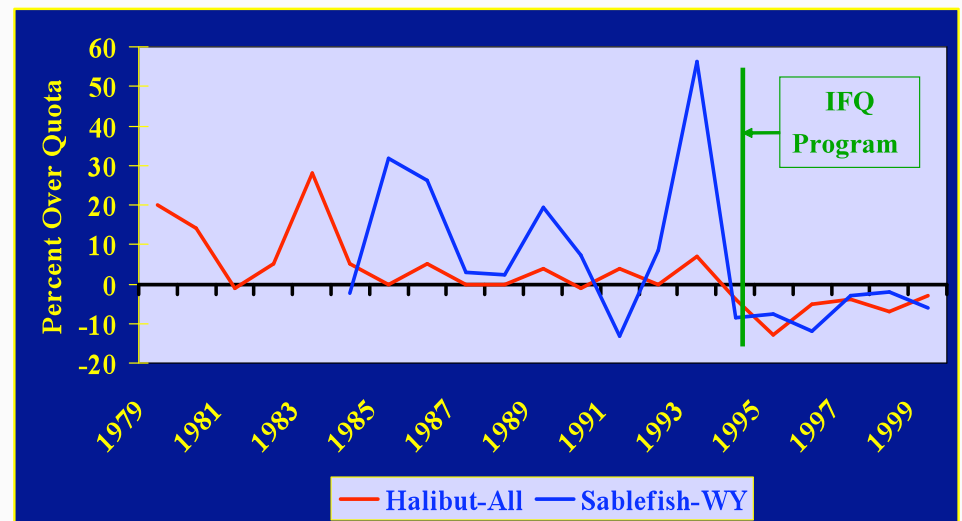
- U.S. only
- Leasing limited
- Entities divest to individual if change



Adjustments

Goal: flexibility, reduce discards

- Underages/Overages
- Overages allow:
 - estimation
 - some price flexibility





Hired Masters

Goal: historic practices

- Only initial recipients (individuals and companies) of catcher vessel QS are allowed to hire skippers/Later QS holders must be onboard
- Must document ownership $\geq 20\%$ of vessel
- Not allowed in Southeast Alaska



Fees & Loans

- MSA, requires fishermen pay to 3% fee
- Fees used for mgmt, enforcement & loan program
- Fees: 'actual' or 'standard' ex-vessel
- Registered Buyers report info
- Loans \$5 mil - \$8 mil/yr
- 0 percent default rate!

Community Purchase

Goal: reverse revenue, job loss

- 42 small GOA villages
- Non-profit entities buy QS
- Lease IFQs to residents
- Caps: program, community
- Annual reports required
- Only 1 entity purchased QS so far



Enforcement

- **Constituents manage fishing**
- **Agency manages behavior:**
 - **NOAA OLE at sea, shoreside**
 - **USCG at sea**
 - **State of AK (Joint Enforcement Agreement)**





Monitoring Aids


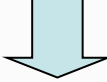
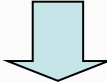
- **Permit on board**
- **Hail in (3 h) - sampling, OLE**
- **Deliver to 'Registered Buyer' or public**
- **Registered Buyers e-reports, shipment reports**
- **Both sign receipts, OLE changes**



Compliance Aids

- Signed receipts
- Real-time reporting, transfer posting
 - w 24/7 account
 - good staff, tech support
- Dockside landing info to OLE
- IFQ adjustments

Performance - Fishing

- TAC not exceeded under IFQs
- CPUE  / discards, mortality 
- Lost gear 
- No verified high-grading
- Non-reporting not major (but 'you only know what you know')



Considerations for Future Catch Share Programs

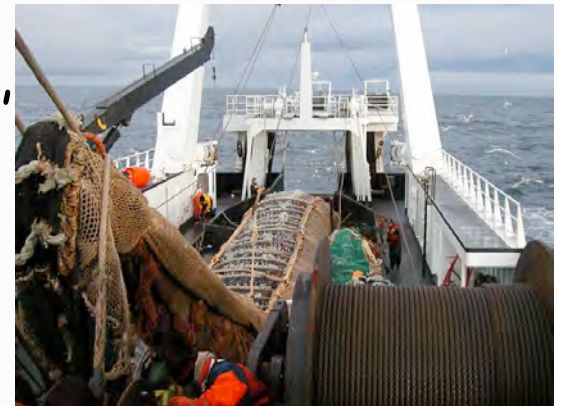
- **Balancing competing interests of those who rely on the fisheries (vessel owners, processors, captains and crew, communities)**
- **Developing coordination among different participants (within and across sectors)**
- **Significant monitoring and observing requirements**
- **Agency implementation costs challenge budget constraints**
- **Fee collection authority (currently exists for IFQs, but may authorize collection from cooperatives also)**



Bering Sea Pollock Fishery Cooperative (1999)

High-volume, industrial fishery. Important on-shore and at-sea processing components. Rationalization to address allocation conflicts, end derby, increase utilization/recovery rates, improve safety.

- Allocation of shares to cooperatives (112 vessels in 8 onshore processor co-ops, plus 14 vessels in 1 offshore catcher/processor co-op)
- Closed class of harvesters and processors
- Cooperative/processor associations based on historical landing patterns
- Sideboards to limit encroachment on other fisheries
- Limited mobility to move among cooperatives or deliver to other processors
- High degree of fleet 'self-management' thru approved contract agreements
- Use caps





Bering Sea/Aleutian Islands Crab Rationalization (2005)

Industrial fishery with strong on-shore processing and community links. Design intended to end derby, promote economic efficiencies, maintain landing & processing patterns, & improve safety.

- Harvester IFQs to license holders
90% "A shares" - subject to regional & processor share delivery requirements; 10 percent "B shares" - free of delivery requirements)
- Processor IPQs (one-to-one correspondence to "A shares")
- 15 harvest cooperatives coordinate catch from 100 vessels across 26 processors
- Price arbitration process (A share landings)
- Captains share allocation (3% of B shares)
- Liberal transfer and 'stacking' allowances
- Use caps
- Data collection and comprehensive review

Crab Fisheries

Western Aleutians golden king crab
Eastern Aleutians golden king crab
Western Aleutians red king crab
Bristol Bay red king crab
Pribilof red and blue king crab
St. Matthew blue king crab
Bering Sea snow crab
Eastern Bering Sea Tanner crab
Western Bering Sea Tanner crab

Central Gulf of Alaska Rockfish (2006)

*Mid-size trawl vessel fishery with both shore-based and at-sea fleets.
Rationalization intended to promote economic efficiency by maximizing total value in multi-species fishery and test feasibility of multi-species management.*

- Allocations to cooperatives
- Limited access for non-members of cooperatives
- Processor/cooperative associations (with no harvester mobility)
- Allocations include high value incidental catch species (sablefish, Pacific cod, shortraker, roughey, and thornyhead rockfish) and non-retainable halibut bycatch
- Use/ownership caps
- Comprehensive review





AI non-pollock trawl catcher processors (2008)

Small, homogenous fleet of medium to large catcher/processors. Minimal direct ties to communities or on-shore processing. Rationalization intended to promote economic efficiencies, improve safety, and facilitate reduction of bycatch and discards (minimum retention standard pending).

- Allocations to one or more cooperatives
- Includes target species, incidental catch species, and halibut bycatch allowances
- Limited access for non-members
- Use/ownership caps
- Incentive fishery (for co-op participants)
- Liberal transfer and 'stacking' allowances within cooperatives
- Data collection and review provisions

Best Use Cooperative

17 of 28 qualified vessels

Quota allocated to cooperative

47% of Pacific ocean perch

89% of flathead sole

76% of rock sole

60% of yellowfin sole

42% of Atka mackerel