

PUBLIC TESTIMONY SIGN-UP SHEET

Agenda Item: CI - 2017 Observer Report

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NORTH PACIFIC FISHERIES MARITIME COUNCIL MEETING
Anchorage, Alaska
February 5, 1997

Meeting Excerpt from 10:05 to 10:55 a.m.

(Tape 12)

MR. CHAIRMAN (MR. LAUBER): All right. We'll move up the Item B-6 now, I think, so we make sure we can get our Canadian colleagues out in time. Are they here? Good, thank you. If you would come up.

MR. PENNOYER: Mr. Chairman, by way of brief introduction, I'll make it real brief.

MR. CHAIRMAN: Surely.

MR. PENNOYER: Mr. Turriss from DFO had sent a paper up at the last meeting. It was circulated to you on the success of their IBQ program and some of the things that happened in it this last year. That was circulated by Dr. Pautzke in the Council mailing. It's under B-6 as well.

At the Halibut Commission meeting there's a lot of interest by everybody on ways, of course, to rationalize management and harvest groundfish resources while reducing bycatch; in particular, of course, the emphasis on halibut. DFO volunteered Mr. Turriss to come up and discuss with the Council, knowing that at this meeting you're going to discuss VBAs, some of the things that have been happening in Canada and how they might apply and some of the details of their program. The Commission Conference Board asked that the Commission pay the way of Mr. Eric Wikam up here to also present that information from a fisherman's viewpoint who is participating in the program, or connected with the program anyway, and the design of it. And the Commission did that, so that's how these two gentlemen are before you this morning. Thank you.

MR. CHAIRMAN: Thank you.

MR. TURRIS: Mr. Chairman?

MR. CHAIRMAN: Go ahead.

MR. TURRIS: Thank you, Mr. Chairman. Thank you, Steven. I'll give a brief presentation, and then I'll ask Mr. Wikam to add any comments that he wishes. And then, perhaps after that, we can take any questions that the Council may have.

I'm with the Department of Fisheries and Oceans, and we're, of course, the management authority for the commercial groundfish/traulfish here on the west coast of Canada. A real quick background on the fishery.

It's not large in comparison to yours in terms of number of vessels and total catch. It has 143 vessels ranging in size from about 35-40 feet up to about 150 feet, fishing about 35 different species commercially in various areas throughout the west coast of Canada. The catch of the fleet ranges to about 130 to 150,000 metric tons annually.

In 1993, the Department of Fisheries, or the Canadian government perhaps more precisely, in agreement with U.S. government, agreed to some bycatch mortality reductions for halibut in respective zones. At that time, I recollect the general agreement was that the Americans would attempt to achieve a 50 percent reduction in the U.S. fishery, and Canada would attempt to reduce halibut bycatch mortality in our groundfish fishery by 50 percent as well.

At the time, it was 2 million pounds bycatch mortality. Our objective was to hit a million pounds by 1997. There was also considerable pressure internally within Canada from our Canadian halibut fishery or halibut fishermen, as well as pressure from environmental groups for us to comply with that agreement and respond to the needs of the fishery.

In an attempt to do that, in 1995, we adopted a three-year plan to move towards what we called at that time "area specific bycatch caps," which would eventually turn into a coastwide bycatch cap for the fleet. We started in 1995 with a bycatch cap up in Hecca Strait/Dixon Entrance which is an area where there is substantial halibut and bycatch incidents of halibut in the trawl fishery.

During 1995, in about September of that year, we realized that we had exceeded our bycatch cap in halibut in the Hecca Strait/Dixon Entrance area. We looked at closing the area to all trawl fishing to make sure it didn't get worse. But at the time, we decided we best take a look at where that effort was going to be redirected and what the impacts on the rest of the fishery and the other species TACs might be. TACs in Canada is "total allowable catches" or quotas.

Having done that, we realized that we had a much bigger problem than halibut bycatch caps. We had a concern about significant over-harvesting of other TACs. And we made a very difficult decision at the time to close the entire groundfish trawl fishery on September 29th, 1995.

At that point, we decided to make this very difficult decision into an opportunity. We sat down with the industry and discussed the need to change the management approach for the fishery to better comply with, not only bycatch caps and halibut mortality, but also other requirements for the fishery such as: Staying within TACs; area and species specific management requires -- even though we were staying within coastwide TACs, we had significant over-harvesting of area TACs; maintaining the industry's need for a 12-month fishery -- or for market purposes minimizing discarding and wastage of the resource -- even though our TACs had been reached or exceeded, that was based strictly on landing catch and there was a significant concern about the level of at-sea discards that were not being included in the mortality rate, in the total mortality of the resource; and then, finally, in moving toward the system that individualized the responsibilities for responsible fishing within the fishery.

One of the measures that we came up with in consultation with our industry, and I must stress that our process for coming up with changes and consulting is, I don't want to say more efficient, but less onerous than the process that you have here. We did consult extensively with industry on an ongoing basis for several months, and came up with a new program for 1996 that in effect included Individual Bycatch Quotas for a number of different species. Those species were halibut, sablefish, petrale sole, and Pacific cod.

The key to monitoring the program was a dockside monitoring program which checked the weights and species composition of the catch when it was landed, as well as an at-sea observer program that provided us with estimates of catch by area and discards at sea, including condition of fish.

Just to briefly describe the IBQ, Individual Bycatch Quota program. Not all vessels fall under it in the trawl program. We do have 142 vessels; 108 of them fall under it. Those 108 vessels account for about 96 percent of all the groundfish caught in the fishery. The vessels are given then a non-transferable Individual Bycatch Quota. The allocation of that is everybody receives the same bycatch amount, bycatch mortality limit.

With respect to halibut, the at-sea observers then would estimate the amount of halibut that's brought on board or that's released alive. They would also estimate, based on IPHC information, the condition of the fish and then assign a mortality rate to that fish. That mortality would be deducted from the Individual Bycatch Quotas assigned to that vessel. When the vessel lands dockside, any

halibut that would have been retained in the catch, would again be accounted for and deducted from Individual Bycatch Quotas.

One of the keys to the program, and again one of the differences perhaps in the way we manage our fishery, is that we in the trawl fishery now actually license the vessel for one landing, one trip. And after each trip, it requires --

(Change to Tape 13)

-- reviewed and put into a computer system which then provided us with an update of the total bycatch holdings of the vessel involved, and assures once it's reviewed that it hasn't exceeded any of those bycatch limits. New conditions then are issued to the vessel, is usually done by facsimile, and the vessel then is off on its next trip.

Just quickly to cover the regulatory aspects of the program. By regulation, the halibut are prohibited by trawl gear. The IBQs are set on a policy basis. In other words, the Minister of Fisheries has set a policy which identifies a level of Individual Bycatch Quota that each vessel is allowed to catch. Right now, that's an equal amount across the fleet. That will be changing, I would suggest, for 1997, as we move into some alterations to the program where there may be differing amounts.

The actual IBQ requirements in terms of the at-sea observer and the dockside monitoring of the fishery are done through license conditions or letters issued by the Minister directly to the licenseholder. The licenses require that the vessel carry an observer as well as have all their fish validated upon entering port. The license conditions are also used to set limits for other bycatch species such as sablefish, sole and Pacific cod.

Generally, the results of the program I think have been good. They've been perhaps more than we had expected. We went from a commitment to move from 2 million pounds to a million pounds by the end of 1997. In 1995, our bycatch mortality was around 1.7 million pounds. In 1996, the bycatch mortality was slightly under 300,000 pounds. So it's about an 80 percent drop in one year; about an 85 percent decline from 2 million pounds of 1993.

The fishery stayed open 12 months. And perhaps the most amazing stat is that only two vessels reached their cap in 1996, and that cap in both cases was reached right near the end of their fishing operations.

The reasons for the change. I think you don't have to look very far to see them. There was a significant behavioral change by the fleet. There was also some gear changes. The gear changes were ones that we've tried to regulate in the past, but have been very ineffective at doing, simply because the incentive to work within the regulations weren't there. But there were a number of fishermen that were looking at grids or are using grids, were changing mesh sizes to larger mesh, using blow-out panels, and experimenting with other type of trawls. And there was a lot more mid-water trawling for species that had been traditionally caught by bottom trawling as well.

Some of the behavioral changes are worth noting. We had a lot shorter towing time on average. There was a lot of exploratory tows to find out what was in the area. Greatly improved handling of the fish when it was brought on board, returned as quickly as possible, in the best shape possible, so that the condition factor was maximized and mortality was minimized.

There was considerable strategic thinking that went into their trip, and this created some problems initially for buyers of fish who were used to telling the vessels what they wanted and giving them a shopping list. Now, bycatch quotas in many cases were dictating some of the operations of the vessel, but that was worked around. And -- but vessels would go out knowing what limits they had to catch on that trip. And knowing that they had to be concerned about bycatch caps for the year, would go and fish in areas at times and depths that would minimize -- might minimize bycatch, fish for species that they could get -- they would be assured of getting where they wouldn't have bycatch problems and then wait till the end of their trip, or to the end of the year in some cases, to harvest species where they thought they'd run into bycatch problems.

There's a significant cost with the program, and that has been very difficult on the fleet. And I don't want to suggest in any way that the trawl fleet asked for this program. It was a program that the Department implemented very much against their wishes. But they have worked closely with us in trying to develop a program that minimizes the impact on them and allows us to meet the necessary requirements for the fishery. That consultation is continuing because we are looking at how to somewhat offset some of the economic hardships that are being created by the increased cost of the fishery.

The at-sea observer program is expensive. You're looking at around \$300 to \$350 a day for an observer. The dockside monitoring program is expensive as well, looking at about half a cent to a penny a pound on average for the cost of monitoring the fish.

We also increased license fees significantly in 1996 which further added to the financial hardships of the fleet that had nothing to do with the bycatch issue. It was a revenue-generation exercise by the government across all fisheries, but the timing of it wasn't well planned in terms of matching up with some of these other costs. So, we're in a process now that we're actually concluding at this time that we're looking at further changes to the management of the fishery to improve the economic viability of the fleet.

The future includes changes to the overall plan. This program is much broader than halibut, of course, and the benefits that we've seen from it in halibut are similar, and things like our management of sablefish, our concerns about Pacific cod stocks, and our ability to minimize bycatch in the trawl fishery or catch in the trawl fishery, likewise for some of our delicate sole and rockfish species.

I don't expect to see 300,000 pounds of mortality in 1997. We overshot what we committed to, and it is entirely likely that there will be a higher level of bycatch mortality because our objective was a million pounds, and we will be likely relaxing some of the – or increasing some of the caps to allow more flexibility for the fleet. Generally, I'll leave it at that and ask Eric if he wants to add anything.

MR. WIKAM: Thank you, Bruce. I'll just add a few comments. I'm a halibut fisherman – a halibut/black cod fisherman, and have been for 30 years. I started my career in Alaska, so all my comments will come from that bias, of course. My brother has been a dragger for 30 years and we're still close friends, so I do have an understanding of the situation.

My brother has always told me that we'll quit catching your fish when you make it worthwhile. And really that's – it's taken until last year. The Department has made it worthwhile. And Bruce has just given you an example of how they can do it. There's no need to regulate or detail how the trawl fleet should quit catching halibut. It would just make it, reward them for quit doing it. And they figured out how to do it fast and sweet and quick. And it's a lot more than they expected.

I remember coming to one of the meetings where one of the trawl fishermen was just irate at Bruce and his people saying on sablefish I'm only allowed a mortality of 6,000 pounds of sablefish. He says I can get that in one tow, first day. I'll be shut down for the whole bloody year. And you know that's what he was thinking. He was worried. And so, as sablefish fishermen we did -- we

agreed we would sell him part of our quota if they got in a real jam. We would sell quota to him. It's a little bit of flexibility. But in fact that guy fished all year and didn't get a 6,000-pound mortality. That's the reality. He was amazed. A lot of people were amazed the changes that they went through.

So I guess what we're seeing here -- and the reason this program came in, Bruce didn't push it too hard. It came in -- the trawlers were told we have an international agreement, a bycatch reduction program with the United States. And the issue here is not if you want reduction, we're honoring that agreement. That's -- the issue is not if we should do it or not. And they were told straight out, it's not if we should do it or not. The issue is how we're going to do it. And so that's what happened, and it worked.

So I guess what I'm feeling here or I just wanted to say is we've got a good example for you to work from. We would like to see an honoring of the agreement from the other side. We'd like to see reduction from the other side. I'm not so much saying this is as Canadian halibut fisherman, just as a halibut fisherman. The Conference Board people asked me to come here because the halibut fleet, American and Canadian halibut fleet are very -- work very close together. And we would like to see a bycatch reduction in both countries for both of us.

The bycatch reduction in Alaska I don't think will be that significant for Canada. The new figures are coming out. We're maybe losing about 10 percent of our quota, which just, you know, we're losing about 10 percent of our quota because of Alaska bycatch out of the Canadian quota. So it's not real significant, but it's significant for the whole fleet. When you look at 20 percent loss of halibut quota overall for the whole fleet. I know you guys fish big numbers and have big fisheries up here, but you're still looking at \$30 to \$50 million depending on how you look at it, in Canadian dollars or wholesale; but that's big dollars.

And when individual quotas and we fishermen start thinking we own the quota, more in line that that is my quota and I have to give 20 percent of it to somebody every year to allow him to catch his fish. Well, it's hard to do, but if that's the only way he can catch his fish, I guess we have to live with it. And that's what's been going on for a decade or more. Now we're finding that's not the only way to catch his fish. It's more for convenience. There is a way for him to catch his fish without taking that big bycatch, the 14, 15 million pounds that's going out.

And in fact, from our experience, I think what you'll find up here that the drag fleet will probably be able to catch more of its quotas if it went to individual bycatches. It will get cleaner, they'll get cleaner. And the clean boats will be out there fishing longer.

I think their groundfish quotas they'll get to catch more of. That would be my personal belief. I guess that's about it. Basically, where I'm coming from is that we think -- we understand that you people now have the law or the legal structure to put individual quotas in. We've shown you an example that's been successful beyond our beliefs of how you can do it. I realize there are some differences up here, the major one that you have big factory trawlers which we don't have.

But other than that, the differences aren't that significant. And they certainly can do five-minute tows like our guys are doing. That was one of the big changes. Guys told me that you just did a five-minute tow to see what was there, and before you started doing long tows. And that kind of stuff, where before it was six-hour tow and dumped all the bycatch over. Now, you do a five-minute tow. If there's bycatch, you move on. And everybody on the phone is telling everybody what to do.

So, that's just one of the many things, I think. But I guess what I'm saying is bottom line if you've got the legal structure, you've got an example that works, you've got an international agreement saying you'll do it, we hope you would do it. Thank you.

MR. CHAIRMAN: Thank you very much. Dr. Pereyra?

DR. PEREYRA: Yeah, I'm very pleased to get this report. It's very illuminating. Bruce, how successful do you think you would be if you were not allowed to use grid sorting? If you had to retain every halibut on board and couldn't throw them over the side.

MR. TURRIS: Well, it clearly wouldn't be as successful. There's no doubt about that. We do allow -- I mean, it's prohibited so they have to throw them back. The ones that get retained are generally ones that are missed when they come on board and they're splitting into a hold or the weather is lousy, or whatever. I mean, that happens and each case is looked at, you know, independently whether or not there's going to be any followup with enforcement.

If you had to retain it all? Well, you'd have 100 percent mortality versus what we're looking at right now for 1996 is around 30 to 35 percent mortality. So you're going to have a much higher -- I mean, I think the fleet did a lot to minimize their encounter and incidents of bycatch, obviously. But if you had 100 percent mortality, you're going to have a much higher number than we have now,

so probably around a million pounds. We would have been around that million pounds with 100 percent mortality.

MR. CHAIRMAN: Ms. Behken is next.

MS. BEHKEN: Thank you, Mr. Chairman. With the halibut that are released at sea, those are -- could you just talk about how they're accounted for. Are they measured, are they enumerated, are they weighed?

MR. TURRIS: It really depends on the operation, and the tow and sizes of tow, and where the fish is coming from; but it's -- I mean, a lot of the tows there's only a few halibut that have come in with the catch, and they're quickly enumerated. I mean, the crew gets into this as well because they want to get them back over as quickly as possible, so they help the observer. They quickly enumerate them, and they'll be measured, and the observer will quickly look at the condition of one or two of the fish to evaluate the condition factor. And then that results in a calculation of mortality.

If it's a large catch, they're sampled. And the rest are quickly returned to the water, then that sample is used and extrapolated.

MS. BEHKEN: And what's the sample look like? What's the sample technique?

MR. TURRIS: It will be a, you know, basic sampling requirements that are set up for the observers or, you know, statistically representative in a fashion. So they use baskets and they'll pick from the catch across in a specific way so that they fill one or two baskets, or whatever, depending on the amount of fish that's there.

MR. TILLION: Mr. Chairman?

MR. CHAIRMAN: Mr. Tillion is next.

MR. TILLION: Yes, we're having a little bit of a problem with what you're telling us. The Council here was ready to go with grid sorting, give them X number of minutes to get the halibut overboard that wouldn't, you know, if you could get it overboard in 20 minutes why you were going to have a high survival. And the Halibut Commission staff opposed this because it threw the statistics off. So here we are sitting -- we don't have grid sorting. It makes real sense. You get a lot of fish over quickly. We were willing to do it. And how do the Halibut Commission let you do it and they don't let us do it.

MR. TURRIS: When I say grids, I mean they're grids on the nets, these are trawl grids.

MR. TILLION: Oh, they're not on deck.

MR. TURRIS: No, no. These are trawl grids. I'm sorry, I misunderstood you Mr. Pereyra. I assumed you were talking about net grids.

MR. TILLION: No, we were talking about grids over the hatch.

MR. TURRIS: No, no.

MR. TILLION: So the big halibut wouldn't go down.

MR. TURRIS: No, I'm not talking about that.

MR. WIKAM: Just about all our fleet does deck sorting; they just sort on deck.

MR. CHAIRMAN: Mr. Pennoyer?

MR. PENNOYER: Yes, sir. A couple things. Bruce, first of all, there are differences, of course. What is the average size of the tow that you're looking at?

MR. TURRIS: Average size of what?

MR. PENNOYER: In groundfish, the size of the tow, the catch.

MR. TURRIS: That really depends on the vessel and the species, but a lot of tows will be 5 to 10,000 pounds, but there's a number of tows that are, you know, 20 to 30,000 pounds as well.

MR. PENNOYER: And in terms -- can I followup, Mr. Chairman? The transferability question. Eric indicated they might buy -- sell them some halibut to get by.

MR. TURRIS: That wasn't halibut.

MR. PENNOYER: Okay. Oh, okay. But it's basically non-transferable the way it was set up last year.

MR. TURRIS: Yeah.

MR. PENNOYER: It was a fixed tonnage amount, correct?

MR. TURRIS: Yes. I just want to clarify though that what Eric was referring to is that we did have a, just for sablefish, we did allow for trawl vessels if they reached their bycatch cap to purchase on a, you know, for the rest of the year, an additional amount of sablefish from our directed sablefish fishery, the IBQ program, up to an amount equal to their original bycatch cap. So they could have, if they reached their cap, they could have gone and bought some additional cap for the rest of that year; not from other trawlers, but from a dedicated trap sablefish fishery, which is under an IFQ program.

Now, just on those numbers, there's only one vessel that did that. And it was right near the end of the year. It was about -- it was less than a thousand pounds.

MR. PENNOYER: Mr. Chairman, can I just follow up on that?

MR. CHAIRMAN: Go ahead.

MR. PENNOYER: The transferability question has been a big issue. And, of course, Magnuson Act indicates non-transferability which I assume means non-sale. But you're contemplating changes in that. Now, are those changes going to be more flexibility and the size of the allocation per vessel, or some government transferability in season, or what is generally being talked about?

MR. TURRIS: Yes, we're looking at -- right now we're looking at going towards an IBQ program for the trawl fishery across the board.

MR. PENNOYER: All species?

MR. TURRIS: All species. And that decision hasn't been finalized yet by the Minister, but we're anticipating that it will likely happen for April of this year. There is transferability involved. There is a lot of rules around that.

Halibut, some of those rules are still being worked out. We don't believe there will be transferability within the halibut IBQs. But the allocation might change because of the reallocation now of fish for the IBQ program. So, that's what I was referring to about some changes. I don't anticipate at this point transferability though of halibut bycatch quota.

MR. BENTON: Mr. Chairman?

MR. CHAIRMAN: It was over here, Mr. Benton.

MR. BENTON: Thank you, Mr. Chairman. Bruce, I've got a couple of questions. This program didn't apply to all vessels. How did you choose which vessels it would apply to and how did you do the initial allocations?

MR. TURRIS: What we created is an option election that vessels have to choose which option they were going to fish under. And each option then offered the vessels differing amounts of fish to catch. So the selection is pretty obvious for most vessels. They want to -- they need to catch so much fish to be viable. And the option that offered the most fish required 100 percent observer coverage with the exceptions I talked about for hake and pollock, mid-water trawling only.

The other vessels, generally smaller, much smaller vessels, chose what were Options B and C and had much smaller limits available to them. Option B did have observer coverage on a -- but a very small level. It was actually a maximum of 15 days for the year on a per-vessel basis.

Option C had no coverage at all but is a very restricted fishery and very small amount of fish being caught.

MR. BENTON: Mr. Chairman, followup?

MR. CHAIRMAN: Go ahead.

MR. BENTON: Thank you, Mr. Chairman. So, and then you set conditions on this that each vessel within these different categories had an equal amount of quota, so you just said here's the amount of bycatch we've got, just divide it up equally by number of vessels and that's what you have?

MR. TURRIS: Well, there's a bit more to it than that. The answer is, yes, they all get the same amount; but we actually over-allocate. In other words, if they all caught their IBQ, it would be far beyond a million pounds. And that's because we realize that they're not all going to catch their IBQ. We estimate based on historical data and incidents information what the, you know, how the fleet, what kind of effort there will be and how much bycatch will be caught on average by the fleet. We use that information then to calculate a bycatch quota which is then, you know, equal for all participants.

MR. BENTON: Okay. Mr. Chairman, one more.

MR. CHAIRMAN: Go ahead.

MR. BENTON: Thank you, Mr. Chairman. And then this went into place, and as I understand the fleet changed its behavior, big gear modifications, behavioral modifications, the way they operated. Was it the -- if they -- I guess the thing I'm curious about is if they had sufficient, I mean, they had a certain amount of bycatch, and it seemed like that would be sufficient amount to prosecute the fishery. Yet you said that most of the vessels didn't bump up against their cap. And so it seems like that was fairly successful. It provided some kind of incentive. My question is what kind of incentive was provided by that that kept those vessels under that cap? And why would you, if it's working like that, why would you change it now and relax the caps that would increase the bycatch if the intent of the program was to reduce bycatch.

MR. TURRIS: Yeah. Okay, on your first question, what was the incentive. The incentive was that if they reached their cap, depending on the cap they reached, they'd be either off the bottom all together or off the bottom in an area of the coast, specific area. Which would mean that then

they wouldn't be able to catch the limits that were available to them for other species. So that was the incentive.

Regarding your second question, why would we relax them. There is a price paid, I mean, there was obviously a price paid. The behavioral changes were far greater than anybody anticipated, even in the fleet. When we did that estimate of what the effort would be to calculate our IBQs, I mean, the fleet played a big role in that. We meet with our trawl advisory committee which is a large group consisting of almost 15 or 16 fishermen, as well as others, to calculate those numbers. So the changes in behavior were greater than even they anticipated.

Again, our objective is a million pounds mortality. There was a cost paid in terms of behavior changes meaning that people didn't fish nearly as much ling cod, so they weren't maximizing their ling cod opportunities. Some of their non-quota species like skate and turbot weren't perhaps maximized or opportunities lost. Some of the sole species, we were actually under on some of the species in certain areas. So, I mean, there was a cost associated with keeping their bycatch down.

The thing we can maximize though is by relaxing some of that, staying within our objective of a million pounds, but provide a bit more flexibility to the fleet.

MR. WIKAM: Can I make a comment on that?

MR. CHAIRMAN: Yes, go ahead.

MR. WIKAM: Bruce, this objective a million pounds basically comes from the bycatch agreement we signed with the United States in '92, to reduce our bycatch in half by 1997. It was 2 million pounds. So that's one reason we're -- it's being allowed to pump back up. I mean, the halibut fleet in Canada is not happy with allowing that when they've seen they can get it down to 300,000 to turn around and say -- so we would love to sign a new agreement with you guys keeping us down to 300,000.

MR. TURRIS: They've got to be willing to belly up the bar then, Eric.

MR. CHAIRMAN: Dr. Pautzke?

DR. PAUTZKE: Okay. So, Bruce, when you gave each of the trawlers an equal amount, and our initial allocation of a VBA would be one of our most sensitive things we would be doing and controversial, then were the trawlers able to make up their catch? In other words, the ones that

caught a lot of fish still caught a lot of fish and they were just better at it in staying within their IBQ? Or did it affect the catches of the fleet and make them more uniform across all the vessels?

MR. TURRIS: No, no. There's still a significant disparity in catch.

DR. PAUTZKE: Even though they had constant --

MR. TURRIS: Even though they had constant. Now, there are a whole bunch of other reasons why the -- I mean, the catch has been, the gap between the smallest and largest producer has been narrowing over the last number of years. And that has a lot more to do with the setting of the limits on all species that they're equal across the board. But the IBQ program had, we believe, or we're looking at the data comparing this year to last year, had negligible impact on terms of their total catch and maximizing the limits that were available to them.

MR. CHAIRMAN: Ms. Behken.

MS. BEHKEN: Thank you, Mr. Chairman. I was wondering if you could explain, Bruce, how the bycatch is estimated on the vessels that don't have observer coverage or where there's minimal observer coverage.

MR. TURRIS: Okay. We do -- we work on a fleet-wide basis in those. Option B and C is what you're talking about, the boats that don't have to have 100 percent observer coverage or don't have individual bycatch caps, really is what the difference is. So we then have estimated, we've set for Option B and Option C a fleet cap, much like we had prior to the IBQ program. And then we use, you know, incident ratios much like we used to use, and I think is used here as well I believe. Incident ratios of bycatch based on the catch of other groundfish species. We apply that to the fleet. And then if they reach their total fleet cap, we look at closing areas or the fishery. That didn't happen. They didn't reach their fleet cap, but we didn't anticipate they would because we actually set -- we had so much room because the Option A boats were doing so well, we had so much room within our cap. I mean, it just didn't happen.

MS. BEHKEN: Mr. Chairman?

MR. CHAIRMAN: Go ahead, Ms. Behken.

MS. BEHKEN: Thank you, Mr. Chairman. But did you also see sort of behavior changes, gear changes, in the B and C groups that you saw in the A groups?

MR. TURRIS: No, no. And we didn't expect to. We definitely didn't see those -- again, I must emphasize that the B and C are very small boats. They do a lot of day fishing, for example.

They don't catch an awful lot of fish. And it'd even be hard to measure the changes. It's not a fleet that encounters an awful lot of halibut to begin with. I think that fishery generally ran as it has for the last several years.

MS. BEHKEN: I see, thanks.

MR. LAUBER: What kind of an observer program did you have before you put this in on these vessels?

MR. TURRIS: We had a small observer program that targeted about 10 percent of the tows in a year, throughout the year. And we would use that information as well as historical data to use, you know, incident ratios to apply across the catch of total groundfish. It was a relatively small observer program.

MR. LAUBER: How do you establish your confidence level in your numbers? In other words, you now have an observed catch, and I'm sure you have reasonable confidence in that. How do you establish that you had confidence in the numbers before, whatever the poundage and bycatch and so forth was? Are you basing it on the 10 percent observed tow.

MR. TURRIS: That's what we used before. I think we have a higher level of confidence now of course with a higher level, you know, a hundred -- I'm not going to say that the observers see every tow. And that's -- I'm sure that's not the case, and I don't think anybody would expect that it is.

(Tape 14)

This might go speak to some of the differences between the way we manage our fisheries in terms of the regulatory authorities that we work under than what you -- I've told you about how we license or amend the vessel after every trip. The Minister has considerable discretionary authority under those licenses to set the quantities and the catch amounts. He can rely on information from observers being the best information available then to determine the levels of catch that a vessel can go out with.

So we do have, you know, there are times when vessels come and say, you know, the observer is wrong, and question the, you know, the information either based on a mortality estimate or the total estimate of catch. That information is then reviewed internally with information from the observers as well as from the skipper. And the Department then makes a, you know, really makes a

recommendation or a call on it which is then reflected in the next license conditions that go out for the vessel. So we act as arbitrator in other words.

MR. LAUBER: Who are your observers? I mean, how are they selected and how does the fishermen get them? Are they assigned by you or who does the training and that type of thing?

MR. TURRIS: They're -- we let a contract for a company to provide observer services. The company is Archipelago Marine. They are the only company that provide these services, so they have some exclusivity in the area. They are trained and certified in a program that is approved by us, and we participate in the training as well. The observers are provided directly by the contractor throughout the region. The requirement is for the vessel to contact when it plans on going out fishing. It requests not only a license amendment from us but an observer from Archipelago and based on the conditions of their license, its requirement for them to have an observer on board when they -- when they leave for fishing.

MR. LAUBER: They take the observer that the company sends? They have no -- they can't shop and say we don't like that person?

MR. TURRIS: That's correct.

MR. LAUBER: Okay.

MR. CHAIRMAN: Dr. Pereyra?

DR. PEREYRA: Yes. What happens to the halibut you bring in to shore?

MR. TURRIS: Well, some of it's destroyed; some of it's seized because it may result in charges and prosecution; some of it goes to food banks, charities, you know; various things happen. It's usually small in quantity.

DR. PEREYRA: Okay, thank you.

MR. CHAIRMAN: Dr. Fluharty.

DR. FLUHARTY: Mr. Chairman, the question I have departs a little bit from the way the program functions. What have you observed to be the effects on the downstream marketing of the catch, and has that shifted relationships between say processors, transporters, fishermen in any respect? What's been your experience?

MR. TURRIS: I think initially there was -- yeah, well, definitely initially with the program is everybody was learning to adjust to it. And their fear was clearly guided -- and their fishing operation was guided by their fear about bycatch. There was some difficulty between buyer and

fishermen about the product that was coming in. As I said earlier, generally, the processors would have a fishing, a list of species that they would like to have delivered and that would at times be in conflict with how the fisherman felt he could safely harvest those limits given his bycatch caps.

I think that that was somewhat relaxed as the year went on, and they adjusted and found ways of minimizing bycatch. And I think as the processors and buyers tried to work more closely with the fishermen and knowing that they have to live within these rules. So there was some initial impact. I would suggest that at the end of the year those impacts were minimal.

There was other impacts. I mean, again, this program was much broader than halibut, I must add. And the changes in management that we did that were on an area and species-specific basis did have some other impacts on the market, negative impacts that they're still dealing with. And there were reasons again for our long-term discussions on changing the management structure.

MR. CHAIRMAN: Mr. Benton?

MR. BENTON: Thank you, Mr. Chairman. Bruce, this -- the intent of the program obviously is to reduce bycatch. And I guess I'm wondering when you are looking at changes to the program now, are you looking at mechanisms to reward vessels on performance when you do a reallocation in subsequent years? So, for example, you allocate to an individual vessel a certain amount of quota in year 1. And in year 2, are you going to reward them if they perform better, have less bycatch? Or have you looked at any kind of incentives in that way, or do you do that now perhaps?

MR. TURRIS: No, we don't -- I mean, there's lots of incentives for them to reduce bycatch right now. Incentives are they keep fishing. No, we're not. In the new program we're developing for halibut, we're not looking at reallocations based on those who have minimized bycatch the greatest, no. That's not for halibut. For other programs or for other species under the new program that we're discussing that will likely come into place, there are market incentives. In other words, there is, you know, efficiency incentives, economic incentives for bycatch to be transferred to where it's best used. But there's no explicit allocation being done that rewards the best bycatch practices.

MR. BENTON: Mr. Chairman, if I might follow up.

MR. CHAIRMAN: Go ahead, Mr. Benton.

MR. BENTON: So the transferability provisions really that you're contemplating are really aiming more towards market and perhaps achieving your target catch quotas, not necessarily a bycatch reduction, is that correct?

MR. TURRIS: I mean, market is going to play a factor. I think there's a whole list of reasons why the transferability is being considered, whether it be regionalization of the fleet, specialization, the appropriate mix of species on board; those are all important factors that are being considered. But clearly one of them is as you've mentioned.

MR. BENTON: Okay. One final question if I might, Mr. Chairman.

MR. CHAIRMAN: Go ahead.

MR. BENTON: Just so I understand that with regard to monitoring. The fleet that you're working with does not process at sea, is that correct?

MR. TURRIS: That's -- I mean, well, I'm not sure how you define "processing."

MR. BENTON: Let me clarify my question a little bit better. It sounded like what you have is you have at-sea observers on board certain kinds of vessels. And then you also check and validate the catch when it's landed. It sounds like that's on a per-trip basis. So every vessel comes back and validates on shore with you their catch before they can go back out.

MR. TURRIS: That's right.

MR. BENTON: And so, I guess, my question is you don't have like factory trawlers which are --

MR. TURRIS: We don't have mother ships. We don't have any at-sea offloads, and we don't have factory ships processing at sea, no.

MR. BENTON: Okay. All right, thank you.

MR. CHAIRMAN: Ms. Behken.

MS. BEHKEN: Thank you, Mr. Chairman. This morning when I was talking to you, Bruce, you told me some of the costs the vessels, at least in the 100 percent observer category, were paying, and I think that would be interesting for other people who are listening to this presentation to hear. Maybe you could --

MR. TURRIS: Well, I said earlier that the at-sea observer costs is \$300, this year it's actually \$305 a day to the vessel. And then the dockside monitoring costs is about -- actually, it's closer to half a cent a pound. We also have a license fee increase that is quite significant. I mean, for

example, a boat used to pay \$10 a year for license. Now, it could pay as much as \$40 or \$50,000 a year for license. So that's a significant increase.

The actual observer program though probably works out to around -- the at-sea and the dockside monitoring program probably works out to around, well, a little less than, somewhere a little less than 10 cents a pound on average, on average. It's less for boats that are catching more; it's more for mothers who are catching less. And it does depend on the fishery, you know, how the vessel is operating.

MS. BEHKEN: And that -- if I could followup.

MR. CHAIRMAN: Ms. Behken, go ahead.

MS. BEHKEN: That 10 cents works out to about a third of the ex-vessel, was that -- I thought that's what I understood. Is that correct?

MR. TURRIS: Yeah, it approaches that, yes. And I -- and that again is one of the reasons that we're looking at some other changes, to increase -- increase the economic returns from the fishery as well as it will offer greater flexibility to minimize costs.

MS. BEHKEN: Thank you.

MR. WIKAM: Just to make a note on that. Before we had the observer coverage, the loss to the Canadian halibut fleet was between \$5 and \$6 million every year from our dragger bycatch. Their costs and total is about half that now for the observer coverage. So there's a net gain, it's just who gets it. We paid for it for years, now they're paying for it.

DR. PEREYRA: Mr. Chairman?

MR. LAUBER: Yes, I was wondering -- I think you're doing an excellent job in covering this subject matter, and you are, too. I just wonder what it would be if your brother was along on the other side. (Laughter) Where is he? He couldn't afford to come, I see.

MR. WIKAM: He's retired and is gone to Hawaii. It's the truth, I swear.

MR. CHAIRMAN: Dr. Pereyra.

DR. PEREYRA: Thank you. Do you have any provisions not to be allocating bycatch to dead licenses? The licenses not being used or --

MR. TURRIS: Well, that's part of this exercise of over-allocating because of vessels that either are not participating or not participating fully, you know, that goes into that calculation.

DR. PEREYRA: Couple quick questions. What was the mortality before you started the program?

MR. TURRIS: We used to use -- well, in 1995, we used a 40 percent mortality rate across the board.

DR. PEREYRA: Forty percent?

MR. TURRIS: Forty percent.

DR. PEREYRA: And now you're down to 30 percent.

MR. TURRIS: It's -- I think it's slightly over 30 percent; not much, but slightly over 30 percent.

DR. PEREYRA: And have you had any increase in the total amount of groundfish caught since you implemented the program?

MR. TURRIS: No. There is a decrease in the total amount of groundfish caught in quota species. It's a very slight decrease, which is more -- and I shouldn't say slight. There's a decrease of about 10 percent in quota species. That's because we're staying within TACs.

DR. PEREYRA: Okay, so you're --

MR. TURRIS: There is a decrease in non-quota species catch, however, as I mentioned earlier because of we believe, somewhat because of, you know, trying to avoid bycatch concerns, things like turbot, skate, other species.

MR. CHAIRMAN: Okay, are there anymore questions here? Okay, Kevin O'Leary.

MR. O'LEARY: In reference to your grid panels on your trawls, are those mandated or are those simply used by fishermen to avoid bycatch? And do you have any studies that indicate what the survivability of the animals passing through the grids are?

MR. TURRIS: We don't have any studies. We did look at regulating the grids and other gear requirements, by the way. That was one of the recommendations by the trawl advisors as an alternative to some of the other measures we brought into place. We went to -- prior to making those decisions, however, we discussed it with a number of gear companies. In fact, went to some of their shows and things like that.

I think in the end, the government made a decision that this is something you couldn't regulate. In other words, it was just -- it was too easy to find a way around the requirement. And that was also supported by every gear company that we talked to. Is that, you know, you can force

them to do it but if they don't have an incentive to use it properly, it won't be as effective as we say it could be effective.

So -- and there was also a clear split within the industry about this. A lot of people supported that view as well that, you know, you can tell me I'm going to have to use it but here's how I'll get around it. So we steered away from regulating it and moved towards incentive which gave them the greatest flexibility to try whatever they wanted.

MR. O'LEARY: You still don't know for sure what the survivability of the animals that are being avoided?

MR. TURRIS: No, we don't have any studies.

MR. O'LEARY: Thank you.

MR. CHAIRMAN: Okay, is there anything else? Thank you very much. It's been very, very informative. We appreciate you coming. And as you've noticed we have this scheduled on our agenda later in the week, and your visit was timely. We appreciate it very much. Thank you.

MR. TURRIS: Thank you.

(End requested portion)

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