

M E M O R A N D U M

TO: Council, SSC, and AP Members
FROM: Jim H. Branson
Executive Director
DATE: November 27, 1981
SUBJECT: Status of Contracts and RFP's

ACTION REQUIRED

Contract 80-4 is up for final approval if the SSC review is favorable (and completed). A demonstration of ADF&G's report capabilities developed with the help of this contract will be in Juneau at the January Council meeting.

BACKGROUND

Current Council contracts and RFP's are listed below with contract information on the contractor, funding amount, percent expended to date, duration, objective, and status. Those contracts and RFP's requiring Council action at this meeting are indicated with an asterisk.

Current Council Contracts

- * 80-4: To Expand and Enhance the Domestic Commercial Fisheries Catch Data Reporting System Off Alaska.
(ADF&G, \$145,300, 87%, June 1, 1980 to December 30, 1981)

Objective: To enhance the quality and timeliness of domestic catch data required for fisheries management by developing and implementing a flexible and responsible data reporting system for catch summaries.

Status: The Draft Final Report is being reviewed by the SSC. Given SSC recommendation for approval, the Council may give final approval on this contract. A demonstration of ADF&G's enhanced data reporting capabilities is scheduled for the January Council meeting.

- * Council action may be required at this meeting.

81-2: Processing of Fisheries Data
(ADF&G and CFEC, \$55,000, 26%, October 1, 1980 to April 30, 1982)

Objective: To enhance capabilities of ADF&G and CFEC to provide harvest and processor data for 1977-79 to the Council.

Status: The third quarterly report for July - September was received on October 13, 1981 and distributed to the SSC for review. At the request of the contractor, the contract was extended to April 30, 1982.

81-4: Marine Mammal Feeding Habits
(ADF&G, \$41,397, 7%, July 13, 1981 to March 31, 1982)

Objective: To establish a baseline of current knowledge on marine mammals feeding habits and food requirements in the Bering Sea, evaluate its adequacy for use in ecosystems models, and indicate a general plan for further research.

Status: A progress report was received on October 16, 1981 and sent to the Marine Mammal Workgroup and SSC review group for evaluation. A draft Final Report is due on February 1, 1982. An ancillary contract for ecosystems modelling consulting was signed on October 7, 1981 for \$3,100 with Dr. Gordon L. Swartzman.

81-5: Incidental Salmon Catch Study
(FRI/UW, \$56,840, 0%, October 1, 1981 to September 30, 1982)

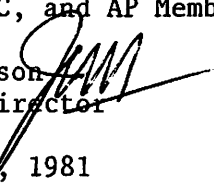
Objective: To determine the feasibility of using scale analysis to identify the stream or area of origin of chinook salmon caught incidentally in the foreign trawl fisheries off Alaska.

Status: The contract was signed on November 3, 1981. The first quarterly report is due on December 31, 1981.

* Council action may be required at this meeting.

M E M O R A N D U M

TO: Council, SSC, and AP Members

FROM: Jim H. Branson 
Executive Director

DATE: November 27, 1981

SUBJECT: RFP for Halibut Limited Entry Study

ACTION REQUIRED

Review and comment on Draft RFP for hook and line limited entry program for Alaska.

BACKGROUND

The first draft of an RFP for a hook and line limited entry program for Alaska has been prepared by the Council workgroup and is included under this agenda item [F-1(c-1)].

Following review they expect to meet again, including additional members from the Limited Entry Commission, NOAA legal staff, and others who were not involved in the original drafting.

Comments would be appreciated and should be addressed to staff economist Jim Richardson.

DRAFT RFP

Hook and Line Limited Entry Program for Alaska

INTRODUCTION

The North Pacific Fishery Management Council (NPFMC) has identified management problems which exist in the Alaskan halibut fishery particularly and also in some other longline fisheries. These problems are both biological and economic, and are caused by the large amount of fishing effort expended in the fishery.

The biological problems include overfishing or underfishing of certain halibut substocks due to the extremely short fishing season and possible over-harvesting of the quota before the season can be closed. It has also been a problem for the management agencies to collect the data required for resource management during such a short period of time.

The economic problems caused by the current levels of effort have been imposed on the harvesting and processing sectors of the industry and also on the marketing sector. Since the halibut quota is not being harvested with an optimum amount of fishing effort from the viewpoint of economic efficiency, fishermen's incomes are below the level which they could achieve with a more efficient utilization of fishing effort. The short fishing seasons have also required processing companies to overcapitalize investment in facilities to handle the entire annual quota at the rate the halibut have been harvested. In recent years, the change in this rate (the length of the halibut fishing season) has been drastic. For example in INPFC Area 3, the fishing season has decreased from 128 days in 1975 to 20 days in 1980. The change required in their operation by halibut processing and distributing companies has been abrupt and has probably increased the cost of processing halibut.

Harvesting and processing the halibut quota over a longer season would allow delivering a fresher product to the final consumer, perhaps increasing the demand for halibut products. The present pattern of utilization of the halibut resource has made necessary long-term cold storage holding of halibut product to supply the demand from one season to the next.

The management problems for Alaskan longline fisheries for species other than halibut vary. For some fisheries such as for rockfish in Southeast Alaska, the optimum yield is presently being taken and the problems are similar to those mentioned above. For most of Alaska's longline or potential longline fisheries, the U.S. fishing industry has been unable as yet to utilize the optimum yield. The latter problems for management is one of encouraging development of new fisheries.

The Proposed Study: Statement of Work

The NPFMC has identified a set of objectives for the hook and line fishery off Alaska. They have also identified three limited entry program alternatives which may assist the hook and line fisheries to achieve these objectives. The specific objectives identified by the NPFMC are to:

1. Distribute the hook and line fishery, both in time and space to ensure conservation of the resource.
2. Avoid further overcapitalization, thus encouraging development of an economically viable and efficient year-round multispecies domestic hook and line fishery that:
 - a. is made up of owner/operator rights holders; and
 - b. makes it possible for fishermen to earn a major share of their income from hook and line fishing.
3. Make certain cost of administration and enforcement are not excessive relative to the benefits of the program.
4. The program would not preclude the extraction of rents or royalties from the fishery at some point in the future.
5. Minimize adverse biological impacts of the program on related fisheries.
6. Insures that no particular entity acquires excessive control of rights to participate in a fishery.
7. Attempt to be compatible with IPHC objectives.
8. Minimize disruption of the present fleet by using past performance to distribute initial rights.
9. Use the market to transfer fishing rights after initial distribution.

The limited entry proposals which are to be evaluated are:

1. status quo - take no action
2. individual fishermen's quota for:
 - a. the halibut fishery only; and
 - b. a limited hook and line fishery for halibut and other species.
3. a ratio system whereby the halibut quota would be allocated to fishermen in direct proportion to their hook and line landings of sablefish, pacific cod, rockfish and perhaps other species.

There are numerous other approaches to effort limitation. Those listed above are the ones which the NPFMC workgroups have identified as providing the desired effects, consistent with the hook and line fishery objectives and which would provide the fewest drawbacks.

In its evaluation of long-term benefits and costs of adopting one of the above proposals, the NPFMC wishes to contract with an individual, group or agency to complete the following research.

The contractor will determine how each of the identified approaches will impact:

1. the harvesting sector;
2. processing and marketing of products;
3. enforcement feasibility and costs; and
4. program implementation and administration costs.

The study will be divided into two phases.

To begin Phase I, the contractor will receive a set of exclusion criteria which have been identified by an NPFMC workgroup. The contractor will then use these criteria to identify those fishermen who will be included in the initial rights allocation for each set of criteria. Those included will be grouped into fleet components by vessel size and also grouped by geographic area. The changes to the participants in the fishery as they differ from the status quo should be discussed.

At the end of Phase I, the contractor will hold a meeting with an NPFMC workgroup to present and discuss their results. They will then receive instructions from the workgroup on the exclusion criteria selected to be used for the analysis in Phase II.

Phase II of the study will evaluate the impacts described above for each of the three alternative approaches. The contractor will quantify these impacts where possible. In some cases, the data will not be available to be estimated in a rigorous quantifiable manner. In these cases, the effects will be discussed in a qualitative manner.

For the harvesting sector (#1 above), the contractor will evaluate the impacts of each of the options on the projected incomes accruing to fishermen. The impacts will be divided into two groupings; those to fishermen remaining in the fishery and those excluded from the fishery. Income from the halibut fishery and other hook and line fisheries will be included in the analysis.

The analysis of fishermen's incomes will be reported by effect on groupings by vessel size category and by geographic area as well as by total effect. The groupings to be used, vessel length and by geographical areas, will be identified by the NPFMC prior to the study.

The overall impact on communities will be evaluated for the different options where significant. The contractor will also identify and attempt to evaluate impacts on fisheries not included in the program.

The analysis of the effects of the options on the processing sector (#2 above) will evaluate the impacts to both processing and marketing of halibut and other hook and line caught species. The following effects should be evaluated:

1. changes to price resulting from cost of processing changes, cold storage cost reductions, etc.;
2. possible change in consumer demand from increased seasonal availability of halibut products; and
3. any changes to product quality resulting from a lengthened fishing (and processing) season.

Possible scenarios for structural changes to the processing sector resulting from implementation of the options will be discussed by the contractor, i.e. fewer processing plants in the future? more? emergence of new fishermen's co-operatives etc.

Possible effects to the final consumers of halibut products under each of the options should also be discussed under this section.

The contractor will determine the feasibility of enforcement under each of the options (#3 above). Enforcement schemes will be developed which would allow the individual fishermen's quota concept to operate with the minimum regulatory violations. A system to keep track of compliance with individual quotas should be part of this discussion.

If any additional regulations would be required for enforcement under any of the options, they will be identified.

Program implementation and administrative costs (#4 above) will be identified for each of the options to allow comparison of the relative benefits and costs.

An analysis of the legal feasibility of each of the options will be completed by NMFS staff, but will be included in the final report by the contractor.

The contractor will provide the NPFMC with a final report, single spaced, single sided and unbound ready for printing. Upon completion of the report, the contractor will organize public hearings in Kodiak, Petersburg and Seattle, with cooperation of NPFMC staff, to hold public hearings presenting their results. This will give the public a chance to discuss with the NPFMC and the contractor the impacts to themselves and their communities the adoption of one of the options would have.

Data Requirements

The data required for this study will come from NPFMC documents and previously contracted studies, from the Alaska Department of Fish and Game, the

Commercial Fisheries Entry Commission, International Pacific Halibut Commission, and the International North Pacific Fisheries Commission. The contract will require files from the Commercial Fisheries Entry Commission, in particular, be generated utilizing their facilities due to Alaska statutes on confidentiality of data. The contractors will include in their proposals an identification of the specific computer programming which their study approach will require from the Commercial Fisheries Entry Commission. These costs will not be included in the study cost proposal.