

Workplan for the 2024 Update of the Sablefish and Halibut IFQ Program Review

A presentation to the NPFMC

October 2023



General Overview of the Workplan

- The 2016 IFQ Program Review was generally considered to be very well done.
 - However, it was also quite long and extremely detailed, comprising:
 - 474 pages in total;
 - 74 tables; and
 - 138 figures
- The primary goal of the 2024 IFQ Work Plan will be to reformat the report to:
 - facilitate a focus on the major elements of the program; and
 - highlight its conclusions and findings,
 - while still meeting the requirements and needs of...
 - the Magnuson-Stevens Act, NOAA Fisheries Policies, and the NPMFC.

Reformatting the 2024 IFQ Program Review

- The Program Review will be split into two component parts:
 - **Written Report**
 - will contain high level overviews of the two programs
 - with summary data and conclusions focusing on the stated program objectives;
 - as well as changes to the IFQ programs since 2015;
 - and will include a relatively small number of figures and tables.
 - **Online Appendix**
 - will only be available online; and
 - will contain the detailed analysis with tables and figures for all issues and topics

Original IFQ Program Objectives (part 1)

- Address the problems that occurred with the open-access management regime
 1. allocation conflicts
 2. gear conflicts
 3. dead loss from lost gear
 4. bycatch loss
 5. discard mortality
 6. excess harvesting capacity
 7. product wholesomeness
 8. safety
 9. economic stability in the fisheries and communities
 10. rural coastal community development of a small boat fleet

Original IFQ Program Objectives (part 2)

- Link the initial quota share (QS) allocations to recent dependence on the halibut and sablefish fixed gear fisheries.
- Broadly distribute QS to prevent excessively large QS holdings.
- Maintain the diversity in the fleet with respect to vessel categories.
- Maintain the existing business relationships among vessel owners, crews, and processors.
- Assure that those directly involved in the fishery benefit from the IFQ Program by assuring that these two fisheries are dominated by owner/operator operations.

Original IFQ Program Objectives (part 3)

- Limit the concentration of QS ownership and IFQ usage that will occur over time.
- Limit the adjustment cost to current participants including Alaska coastal communities.
- Increase the ability of rural coastal communities adjacent to the BSAI to share in the wealth generated by the IFQ Program.
- Achieve previously stated Council goals and objectives and meet the MSA requirements.

Issue Areas Reviewed in the 2016 IFQ Program Review

- Description of Management
- Overarching trends and external impacts on IFQ participants
- Initial allocation process
- Harvesting flexibility, capacity, and consolidation
- Crewmember and processor impacts
- Owner-operated characteristic of the fleet
- Entry opportunities
- Community impacts
- Vessel safety
- Biological management
- In-season management
- Recordkeeping and reporting, observer program, monitoring & enforcement, management, and cost recovery
- Native village of Eyak requests for an allocation of QS

NMFS 2018 *Guidance for Conducting Reviews of Catch Share Programs* (part 1)

- Reviews should contain ...
 1. purpose and need of the review
 2. goals and objectives of the program, the FMP, and the MSA
 3. history of management
 - prior to the program's implementation;
 - at the time of implementation; and
 - any changes made since the program's implementation, or the previous review
 4. a description of biological, ecological/environmental, economic, social, and administrative environments before and since the program's implementation

NMFS 2018 *Guidance for Conducting Reviews of Catch Share Programs* (part 2)

- Reviews should contain ...
 5. an analysis of the program's biological, environmental, economic, social, and administrative effects,
 6. an evaluation of effects with respect to meeting the goals and objectives
 7. a summary of any unexpected effects (positive or negative)
 8. identification of issues associated with the program's structure or function and the potential need for additional data collection and/or research.

Data to be used in the 2024 IFQ Program Review

- Baseline years: 1990 – 1994 as an average,
- plus 1995 – 2015 as covered in the 2016 IFQ Program Review,
- updated with data from 2016 – 2022.
- The 2024 IFQ Program Review will attempt to consistently adjust for inflation to 2023 dollars.
- There will be a particular focus on whether/how more recent data affected conclusions drawn in the 2016 IFQ Program Review?

Actions approved since the 2016 IFQ Program Review (part 1)

- Authorization of Pots in the Sablefish IFQ Fishery in the GOA (2017)
 - Also allowed retention of IFQ halibut caught in pots in the GOA
- Authorization of Recreational Quota Entities – RQEs (2018)
 - Allows RQEs to own QS.
- Authorization for CDQ Groups to Lease Halibut QS in 4B, 4C, and 4D in years with extremely low halibut catch limits (2019)
- Authorization of Retention of Halibut in BSAI with Pot Gear in IFQ and CDQ fisheries (2020)
- Authorization of Fish-Up Provisions for CQEs with Halibut IFQs in Area 3A for Category D QS to be harvested on Category C vessels (2020)

Note: The year shown indicates the fishing year in which the rule became effective.

Actions approved since the 2016 IFQ Program Review (part 2)

- Modification of Medical and Beneficiary Transfer Provisions (2020)
- Emergency Rules to Modify IFQ Transfer Provisions (2020 & 2021)
- Emergency Rules to Waive Vessel Use Caps on Halibut IFQs in Areas 4B – 4D (2021 & 2022)
- Removal of Vessel Use Caps on Halibut IFQs in Areas 4B – 4D while a Long-term Modification is Considered (2023)
- Removal of Regulations requiring GOA Sablefish Pot Gear Tags and Removal of Notary Requirements on QS Transfer Applications and Temporary Transfers of IFQ (2022)

Note: The year shown indicates the fishing year in which the rule became effective.

Proposed Content of the *Written Report* & *Online Appendix*

- Section headings and the order in which they appear in the 2024 IFQ Program Review will closely follow that of the 2016 IFQ Program Review
- The *Written Report* will consolidate and summarize topics and issues
 - Readers will be referred to the *Online Appendix* and the 2016 IFQ Program Review for additional details.
- The *Online Appendix* will be organized topically in the same general order as the *Written Report*
 - Each topic in the *Online Appendix* will be structured as a stand-alone section.

Annotated Outline of the *Written Report*

(part 1)

1. Background Information

1.1 Introduction

1.2 Description of Management

1.2.1 Management prior to the IFQ Program

Additional text will be provided regarding the trends in participation and season lengths from 1980s for both the sablefish and halibut fishery, and in particular will note the difficulties experienced by the IPHC managing catch limits that could be taken in as few as two to three days.

1.2.2 Description of the IFQ Program

1.2.2.1 Initial Allocation

1.2.2.2 QS Ownership Caps and IFQ Use Provisions

1.2.2.3 Transferability of QS and IFQs

Annotated Outline of the *Written Report*

(part 2)

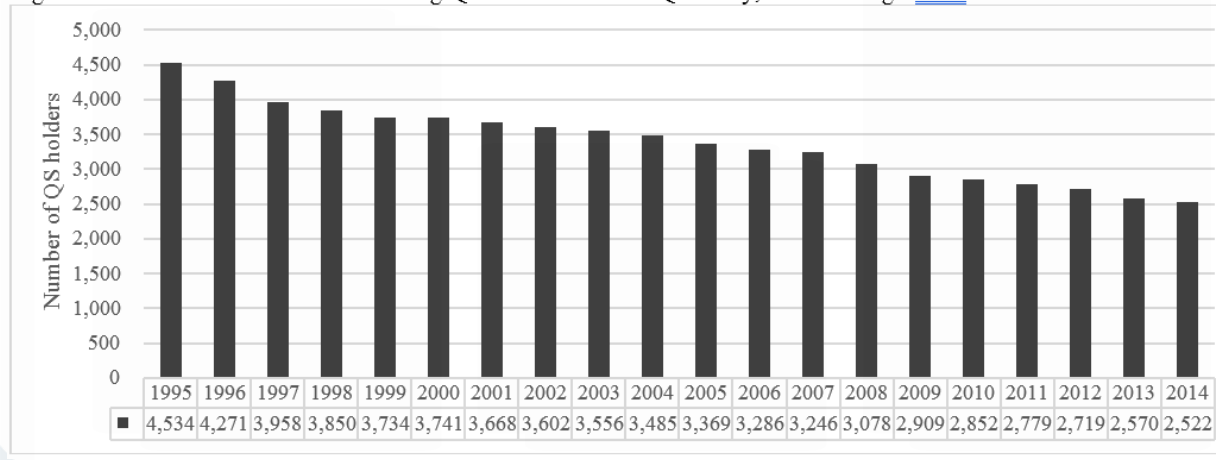
2. Analytical Section

2.1 Annual Catch limits in the Alaska Sablefish and Halibut Fishery

2.2 Initial Allocation Process

We will expand this analysis to track initial recipients of QS over time in terms of the size of their initial QS allocation. All initial recipients will be assigned to quintiles with each quintile comprising 20% of the initial recipients from low to high.

Figure 2.3-19 Number of entities holding QS in the halibut IFQ fishery, 1995 through 2014



Each quintile will be reported in stacked-bar charts similar to Figure 2.3-19 reproduced here, with each bar consisting of five stacked segments showing the numbers of initial recipients that remain each year. It is expected, *a priori*, that initial recipients who received larger initial allocations are more likely to remain in the fishery.

Annotated Outline of the *Written Report*

(part 3)

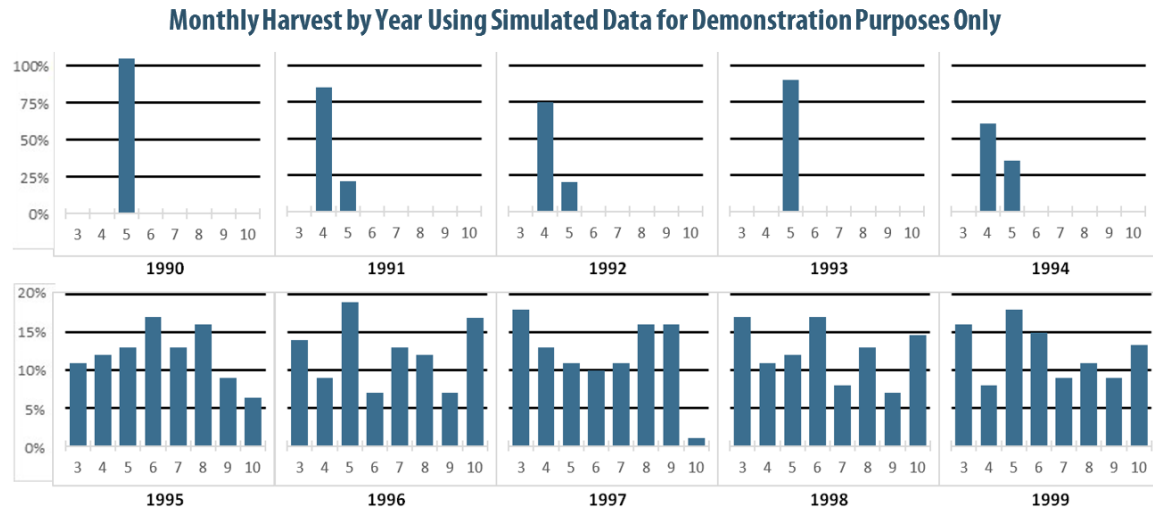
2.3 Harvest flexibility, Capacity and Consolidation

2.3.1 Harvest flexibility

2.3.1.1 Fishing Seasons and harvest timing

The 2024 IFQ Program

Review will include figures that summarize the distribution of trips by month and distribution of harvest by month, similar to this hypothetical example of harvest by month and year.



2.3.1.2 Total harvests and Overage/Underage Provisions and Limits

Annotated Outline of the *Written Report*

(part 4)

2.3.2 Gear Conflicts

2.3.3 Allocation Conflicts

2.3.4 Product Wholesomeness and Markets

Northern Economics proposes to expand this section to include an examination of any changes in delivered forms (i.e., what percentage are delivered whole v. headed and gutted), and to examine any changes in exports, noting that it is expected that a much smaller percentage of sablefish is being exported in more recent years.

2.3.5 Fleet Diversity and Diversification

While the 2016 IFQ Program Review discussed the ability of vessels and vessel owners to diversify their harvest portfolios and concluded that the regulatory environment has made it more difficult for vessels to diversify, the 2016 Review did not directly measure diversification of these portfolios. The 2024 IFQ Program Review will add a sub-section that specifically addresses the portfolios of IFQ vessels and QS owners across fisheries.

Annotated Outline of the *Written Report*

(part 5)

2.3.6 Harvest Capacity

This section of the 2016 Review examined capacity in terms of the number of vessels participating in the fishery along with fleet consolidation as well as an assessment of QS ownership Caps and IFQ Use Caps. We are proposing to augment this by examining IFQ vessel activity across all fisheries to assess whether/how the available capacity of these vessels has changed.

Annotated Outline of the *Written Report*

(part 5)

2.4 Crewmember and Processor Impacts

2.4.1 Crewmember Impacts

Northern Economics proposes to augment this section with two quantitative measures:

- 1) We will summarize the Alaska Department of Labor and Workforce Development (ADOLWD) survey data on numbers of crewmembers utilized on sablefish and halibut vessels over time; and
- 2) we will determine the percentage of trips by year in which multiple IFQ accounts were reported on the same trip—changes in these percentages may indicate whether more crewmembers are owners of QS and IFQs.

Annotated Outline of the *Written Report*

(part 6)

2.4.2 Processor impacts

The 2016 IFQ Program Review documents significant declines in the number of processors pre-IFQ v. post IFQ. It is not clear whether these changes are directly related to the IFQ program, if similar declines are seen in other fisheries, or if these changes are an artifact of the reporting system used for processors. We propose to undertake some high-level testing in this regard. In addition, the 2024 IFQ Program Review will augment the measures of processor impacts to include assessments of the number of licensed processors and volume of IFQ landings by community.

2.5 Owner-Operated Characteristics of The Fleet

Annotated Outline of the *Written Report*

(part 7)

2.6 Entry Opportunities and Transferability of QS and IFQ

2.6.1 Entry into the Sablefish and Halibut Fisheries

We propose to augment the figures from the 2016 Review in this section to show both initial recipients and new entrants. Figures at the management-area level will split new entrants into three categories: 1) Entrants into the area that were initial recipients of QS for the fishery but in a different area; 2) Entrants into the fishery that were initial recipients of QS for the other fishery; and 3) Entrants who were not initial QS recipients for either fishery.

2.6.2 Transferability of QS

The 2016 IFQ Program Review provided tables and figures that show annual transfer rates but do not show the cumulative level of transfers that have occurred since the program began. The 2024 IFQ Program Review will address this issue.

Annotated Outline of the *Written Report*

(part 7)

2.7 Community Impacts

The assessment of community impacts in the 2024 IFQ Program Review will follow the same general format used in the Community Impacts section of the 2016 Review. Specifically, these indicate whether the community is considered rural or urban, and whether the community has road or airport access. The 2024 Review will augment the access indicators to show whether the community is regularly served by the Alaska Marine Highway System.

QS and IFQ holdings data will be provided in the Online Appendix at the community level by year. The Written Report will describe communities that have experienced significant changes since implementation. As in the 2016 Review, the 2024 Review will provide GIS-based figures summarizing holdings at the community level

Thank you!



Marcus L. Hartley

President

Northern Economics

WWW.NorthernEconomics.Com

Management and enforcement topics for the IFQ Program Review identified by NMFS

- Transfer Eligibility Certificate Minimum Age Policy
- Estate planning and beneficiary issues (planning and impacts of 3-year limitation of beneficiary provision)
- Administration of transfer provisions including a description of transfer requests not covered by existing provisions.
- Timing considerations for overage and underage calculations and resulting year-to-year carryover
- IFQ medical transfer provision and impacts of 2023 final rule to modify the medical transfer provision
- Requests for IFQ only transfers to be returned to the QS holder.
- Requests for transfer of IFQ received by transfer (sublease)
- Administrative challenges due to extended season dates (reporting deadlines, and cost recovery)
- Quota Share Lien Registry