


MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke   
Executive Director

DATE: June 4, 1996

SUBJECT: Halibut Sport/Charter Management

ESTIMATED TIME
1 HOUR

**ACTION REQUIRED**

Finalize alternatives and scope of study for sport/charter halibut fishery management program.

**BACKGROUND**

In early 1995, after hearing reports from its Halibut Charter Working Group, the Council developed a Problem Statement and list of alternatives to be studied to address the expansion of the sport/charter fleet off Alaska (Item C-8(a)). Work on this issue has been on hold pending staff availability and potential Council funding which would allow for all or part of the study to be contracted to outside consulting. The Council funding issue, for the remainder of FY 1996 as well as for FY 1997, should be resolved shortly after this Council meeting; it is likely that some money will be available, either this fall or early in 1997, which could be devoted to this study. It is also likely that in-house staff will be available during this same time period to work on this study, depending on new amendments initiated this fall and also depending on the outcome of ITQ developments in the Magnuson Act reauthorization.

The scope of this study has the potential to be extremely large with the existing suite of alternatives, likely exceeding what could be completed with an outside contract. For example, inclusion of alternatives which cap the entire sport fishery (as opposed to the charter boat fleet only) has the potential to more than double the scope of the study, in terms of both costs and timelines. Alternatives for development of a stand-alone IFQ management system for the charter fleet also greatly expand the scope of the study required, and may be precluded by Magnuson Act reauthorization (the option to allow the charter fleet to buy into the existing program may still be viable). A DRAFT Request for Proposals (RFP) was developed prior to the April 1996 meeting and was reviewed by the SSC. Their comments are included under Item C-8(b). A discussion of the alternatives and scope of study is necessary prior to finalizing this RFP and putting it on the streets for potential bidders. Once a final list of alternatives is determined by the Council, we will have to determine what to specifically ask for in the RFP and what can be completed in-house. It still appears possible to do the study over the fall of 1996 and spring of 1997, with a management program in place as early as 1998, though that may be optimistic. If a survey is required, and thus OMB review, it may take all of 1997 to complete the study. In that case, 1999 would be a better bet for implementation.

**Problem Statement**

The recent expansion of the halibut charter industry, including outfitters and lodges, may make achievement of Magnuson Act National Standards more difficult. Of concern is the Council's ability to maintain the stability, economic viability, and diversity of the halibut industry, the quality of the recreational experience, the access of subsistence users, and the socioeconomic well-being of the coastal communities dependent on the halibut resource. Specifically, the Council notes the following areas of concern with respect to the recent growth of halibut charter operations, lodges and outfitters:

1. Pressure by charter operations, lodges and outfitters may be contributing to localized depletion in several areas.
2. The recent growth of charter operations, lodges and outfitters may be contributing to overcrowding of productive grounds and declining catches for historic sport and subsistence fishermen in some areas.
3. As there is currently no limit on the annual harvest of halibut by charter operations, lodges, and outfitters, an open-ended reallocation from the commercial fishery to the charter industry is occurring. This reallocation may increase if the projected growth of the charter industry occurs. The economic and social impact on the commercial fleet of this open-ended reallocation may be substantial and could be magnified by the IFQ program.
4. In some areas, community stability may be affected as traditional sport, subsistence, and commercial fishermen are displaced by charter operators, lodges, and outfitters. The uncertainty associated with the present situation and the conflicts that are occurring between the various user groups may also be impacting community stability.
5. Information is lacking on the socioeconomic composition of the current charter industry. Information is needed that tracks: (1) the effort and catch of individual charter operations, lodges, and outfitters; and (2) changes in business patterns.
6. The need for reliable catch data will increase as the magnitude of harvest expands in the charter sector.

**Alternatives for Analysis**

**Alternative 1:**      Status Quo.

**Alternative 2:**      Implement Reporting Requirements.

Charter boat operators will be required to fill out a federally mandated catch report for all retained and discarded catch for all species on each trip.

**Alternative 3:** Annually allocate the TAC between sport and commercial fisheries.

**Option 3a:** Annually allocate the TAC between guided sport and commercial fisheries. The allocation will be based on a range between 8.8% and 11.7% of the TAC being allocated to the guided sport fleet, under the statewide area alternative. These percentages are based on the guided catch for 1994 listed in Table 1. That catch (and the attendant percentages) are based on data from the ADF&G Sport Fish Division and the CFEC).

**Option 3b:** Annually allocate TAC between guided/unguided sport<sup>1</sup> (all sport fisheries) and commercial fisheries based on a range between the following percentages:

1. 8.8% to 11.7% of the TAC for guided sport
2. 7.5% to 10.0% of the TAC for unguided sport
3. 78.3% to 83.7% of the TAC for Commercial.

**Suboption:** Implement a moratorium on the charter boat fleet with options 3a or 3b.

The above percentages are statewide totals based on the percent of the 1994 TAC that charter boats would have taken if they had caught 105% to 140% of their actual 1994 catch. Selecting a specific percentage within that range will result in the guided fleet being issued a fixed percentage of the TAC each year. Because the allocation is based on a percent of the TAC, the actual pounds of halibut issued to the charter fleet will fluctuate from year to year with changes in the TAC.

**Alternative 4:** Implement an absolute poundage catch cap on the guided fleet.

**Option 4a:** Implement the cap and a moratorium on the guided fleet.

**Option 4b:** Implement the cap without a moratorium on the guided fleet.

In either option the cap is equal to the pounds of halibut that the guided fleet would have harvested if they had caught 105% to 140% of their actual 1994 catch. Based on the data used in Table 1, this would result in a statewide allocation of 4.07 to 5.42 million pounds to the guided fleet. This allocation will result in the guided fleet being issued a fixed number of pounds of halibut each year (i.e. the amount of the allocation will not change from year to year with fluctuations in the TAC, as it would under alternative 3).

<sup>1</sup>/ May delegate sports management to the State after the long term allocation is made.

<b>Alternative 5:</b>	<u>Implement an IFQ program</u>
<b>Option 5a:</b>	Implement a stand alone IFQ program for charter industry. IFQs would <u>not</u> be interchangeable with commercial fisheries IFQs.
<b>Option 5b:</b>	Implement an IFQ program for charter industry. IFQs <u>would</u> be interchangeable with commercial fisheries IFQs.
<b>Option 5c:</b>	Implement a provision where charters could lease additional IFQ from the commercial fleet, for continuous operation after their cap was reached in a given year.

Each alternative will also include the following three area options:

1. Statewide
2. IPHC areas 2C and 3A only
3. By zone:

<i>Zone 1 Southeast:</i> ADF&G areas A, B, C, D, E, F, G & H	% of '94 guided sport
<i>Zone 2 Prince William Sound:</i> ADF&G area J	% of '94 guided sport
<i>Zone 3 Cook Inlet/Kenai:</i> ADF&G areas K, L, N, and P	% of '94 guided sport
<i>Zone 4 Kodiak:</i> ADF&G area Q	% of '94 guided sport
<i>Zone 5 Alaska Peninsula:</i> ADF&G area R	No limit
<i>Zone 6 Bering Sea:</i> ADF&G areas T, U, V, W, X, Y and Z	No limit

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**Halibut Sport (Charter) Management**

Chris Oliver provided the staff report on a draft Request for Proposals (RFP) to assess possible future limitations on the halibut sport fishery. The SSC feels that the draft RFP calls for an overly ambitious effort given the time and funding which may be available. Reasons for this include:

- (1) The contractor will need to use data from several other agencies. It is possible that obtaining this data will involve significant time lags.
- (2) The RFP as currently written will require the collection of primary data through surveys of charter boat operators and halibut sport fishermen. Designing and implementing quality surveys, with subsequent analysis and report generation, can easily take several months to a year.

One way to better accommodate a short time frame would be to focus solely on the charter boat operators. Even so, six months is probably too short a time frame for a high quality analysis. If the Council wants a comprehensive analysis, it may be advantageous to divide the RFP into a couple of sub RFPs: i.e., one for the charter boats and another for the value of angling. The RFP will probably attract the highest caliber of researchers if it does not require the contractor to write the EA/RIR and if it is very specific regarding the nature of deliverables and the time frame for their delivery.

Other SSC comments are:

- (1) The Charter boat survey should collect data that will show both the current level of net revenue and how net revenue is likely to change with different allocations.
- (2) To provide comparable information on the commercial fleet, the Council staff should begin developing a systematic data base on IFQ transaction prices and transaction quantities, along with descriptive information such as the quota class, area fished, etc. This information can be used to help determine marginal net revenues in the commercial fishery which can be compared to the information generated for the sport sector.
- (3) Limitation of effort alternatives will likely require collection of a much larger and more detailed body of information.