



C3 Increase Annual Halibut & Sablefish IFQ Rollover Cap

May 2020 Special Council Meeting

Action Memo

Council Staff: Sam Cunningham

Action Required: Determine whether to request that NMFS implement emergency regulations or interim measures in response to an emergency

Introduction

The first section of this memo describes the proposal and the existing regulatory context. The second section identifies the regulatory process for acting on the proposed change, should the Council decide to make a recommendation. The final section (“Impacts”) includes summary information on the scale of the fisheries affected by the proposal and corroboration of the challenge identified by the submitter of the proposal. The Impacts section also identifies challenges that might occur under a temporary emergency rule that spans multiple years. This memo is intended to support the Council’s deliberation on whether to pursue an emergency regulation; it is not intended to provide all the information that would be included in a Regulatory Impact Review.

Proposal for Action

On April 26, 2020 the Council received a stakeholder request to increase the amount of an individual’s halibut and sablefish IFQ that can be rolled over to the following year if uncaught. The meaning of “rollover” is defined below. The original request is provided as an attachment to this agenda item. **The submitter requests that the existing 10% cap on IFQ underage rollovers be adjusted to 30% for the 2020 season and to 20% for the 2021 season. The rollover cap would revert to 10% in 2022.**

The IFQ Program includes an administrative adjustment policy (underage/overage provisions) that allows quota share (QS) holders to have a margin for error in how they harvest their annual allocation of IFQ pounds. The policy was included in the original IFQ Program due to the fact that harvesting an exact number of allocated pounds is difficult and the Council did not want to incentivize discarding or high-grading fish as an IFQ permit account holder approaches the full amount of their annual limit. A person (or entity) who does not harvest the full allocation is said to have an “underage” and can roll over an amount equaling up to 10% of the pounds in the IFQ permit account for the year in which the underage occurred. That rollover is added to the person’s IFQ account (IFQ pounds) in the following year. The regulation defining the underage provision is located at 50 CFR 679.40(e).¹ IFQ accounts and the underage adjustment are specific to the IFQ species (halibut or sablefish), IFQ regulatory area, and vessel category in which the underage occurred. Administrative adjustments “follow the QS,” meaning that any

¹ **679.40(e) Underages.** Underages of up to 10 percent of a person's total annual IFQ account for a current fishing year will be added to that person's annual IFQ account in the year following determination of the underage. This underage adjustment to the annual IFQ allocation will be specific to IFQ species, IFQ regulatory area, and vessel category for which an IFQ is calculated, and will apply to any person to whom the affected IFQ is allocated in the year following determination of an underage.

additional pounds would be adjusted in the following year regardless of whether an IFQ permit was transferred.

In addition to the flexibility that the underage rollover provides vis-à-vis harvesting up to an exact amount, the IFQ Program 20-Year Review notes that underages historically outweigh overages and this might be attributed to IFQ holders anticipating a greater revenue opportunity for some portion of their IFQ pounds if harvested in the following year (NPFMC 2016, Section 2.3.4.1). Under normal circumstances, an IFQ permit holder's decision to harvest IFQ pounds that can be rolled over in the following year might be based on market conditions but could also have to do with managing a precise account (pounds) or the many unexpected contingencies of operating a fishing business. The current public health emergency has created or exacerbated contingencies in terms of both market uncertainty and operational uncertainty. In this context, operational uncertainty refers to the ability to bring workers to the vessel, maintain a safe working environment, manage interactions with coastal communities, and sell into a reliable market.

Administrative adjustments are calculated and applied to the year subsequent to an underage (or overage). The underage adjustment (rollover) is applied by NMFS after the annual catch limit set by the International Pacific Halibut Commission (IPHC) has been distributed to the QS pool and annual IFQ pounds are calculated for each permit holder. For example, a person who holds 20,000 halibut QS units in Area 2C for the 2020 fishing year would have received approximately 1,150 IFQ pounds (Area 2C QS:IFQ ratio of 17.4421).² If that individual harvests between zero pounds and 1,035 pounds in 2020 then he or she would have 115 pounds added to their 2021 IFQ account for Area 2C halibut (for the relevant vessel size class of the unharvested QS).³ If that individual harvested 1,100 pounds in 2020 then he or she would have an additional 5 pounds added for 2021 (50 unharvested pounds * 10% rollover).

Table 1 shows the historical use of administrative adjustments dating back to the IFQ Program's inception. The table exemplifies that – throughout the many changes in the program and its surrounding context – underages outweigh overages. For halibut IFQ, underages typically equate to roughly 2% to 3% of the total annual catch limits; overages are generally 0.6% to 1.0%. Sablefish IFQ underages typically equate to 2.5% to 4%; overages are generally 0.25% to 0.65%. It is worth noting that the amount of sablefish IFQ that was rolled over from 2019 was unusually high, possibly owing to a depressed market due to smaller fish size in the catch composition. The magnitude of net pounds rolled over for halibut has fallen significantly in the last five years; this is likely a reflection of the reduced amount of available harvest.

Table 2 highlights the fact that, under normal circumstances, the IFQ fisheries are prosecuted to a high degree but are managed such that they do not exceed the commercial catch limit. For sablefish, Table 2 highlights a case in 2019 where the fishery harvest rate was in line with the general trend but a large amount of rollovers occurred (Table 1). This happens if a large number of *individual* accounts experience underages. The fact that the rollover is capped and applies to individuals means that total rollover pounds reach a high level when the factor/s precipitating that underage is/are broad-based.

Section 2.3 of the IFQ Program 20-Year Review (NPFMC 2016) states: “Administrative adjustments within the allowable 10% threshold have accounted for a very small percentage of the overall TACs for both IFQ fisheries (generally less than 1% [referring to overages]). However, on average 79% to 80% of all IFQ permit accounts in the halibut and sablefish fisheries, respectively, have been adjusted on an

² 2020 QS:IFQ ratios for halibut and sablefish in each management area is available at <https://www.fisheries.noaa.gov/webdam/download/104625021>. QS units are divided by the ratio value to arrive at IFQ pounds. Ratios are determined annually based on the total number of QS units in the pool and the pounds available in the area's TAC.

³ 1,035 = 1,150*90%

annual basis since 1998. In other words, administrative adjustments are highly utilized in the IFQ fisheries, although they don't amount to a substantial amount of IFQ." That analysis included data up to fishing year 2014 and the use of overage/underage has remained fairly stable since then.

Table 1 IFQ underage, overage, and net rollovers, 1995 through 2019

Year	Halibut					Sablefish				
	Total underage adjustments	Percent of TAC transferred as underage	Total overage adjustments	Percent of TAC transferred as overage	Net IFQ pounds rolled over	Total underage adjustments	Percent of TAC transferred as underage	Total overage adjustments	Percent of TAC transferred as overage	Net IFQ pounds rolled over
1995	1,300,000	3.47%	-373,500	1.00%	926,500	1,019,400	2.23%	-424,500	0.93%	594,900
1996	961,700	2.57%	-371,500	0.99%	590,200	591,200	1.67%	-380,800	1.08%	210,400
1997	1,193,400	2.33%	-535,700	1.05%	657,700	641,500	2.12%	-405,200	1.34%	236,300
1998	2,046,414	3.67%	-364,634	0.65%	1,681,780	846,645	2.84%	-202,548	0.68%	644,097
1999	1,607,674	2.75%	-387,294	0.66%	1,220,380	795,747	2.93%	-150,402	0.55%	645,345
2000	1,607,788	3.03%	-387,294	0.73%	1,220,494	795,932	2.66%	-150,402	0.50%	645,530
2001	1,230,708	2.10%	-386,357	0.66%	844,351	820,578	2.82%	-184,351	0.63%	636,227
2002	1,706,271	2.89%	-366,655	0.62%	1,339,616	956,758	3.26%	-139,941	0.48%	816,817
2003	1,123,179	1.90%	-449,263	0.76%	673,916	750,074	2.15%	-159,878	0.46%	590,196
2004	1,122,362	1.90%	-508,434	0.86%	613,928	1,078,265	2.84%	-216,954	0.57%	861,311
2005	1,260,247	2.21%	-440,176	0.77%	820,071	1,250,826	3.50%	-172,211	0.48%	1,078,615
2006	1,350,576	2.53%	-362,681	0.68%	987,895	981,202	2.84%	-191,568	0.55%	789,634
2007	1,137,305	2.40%	-346,747	0.73%	790,558	1,025,278	3.07%	-159,209	0.48%	866,069
2008	1,054,105	2.19%	-330,715	0.69%	723,390	930,997	3.11%	-192,580	0.64%	738,417
2009	1,054,229	2.42%	-280,539	0.64%	773,690	846,611	3.20%	-162,555	0.61%	684,056
2010	1,116,859	2.77%	-204,493	0.51%	912,366	682,457	2.74%	-149,374	0.60%	533,083
2011	792,254	2.61%	-279,482	0.92%	512,772	690,894	2.58%	-120,903	0.45%	569,991
2012	688,716	2.87%	-210,586	0.88%	478,130	748,301	2.55%	-124,306	0.42%	623,995
2013	626,285	2.87%	-169,346	0.78%	456,939	935,908	3.34%	-91,587	0.33%	844,321
2014	623,293	3.91%	-142,425	0.89%	480,868	913,273	3.86%	-87,871	0.37%	825,402
2015	348,184	2.03%	-156,268	0.91%	191,916	799,141	3.39%	-81,963	0.35%	717,178
2016	353,387	2.06%	-179,904	1.05%	173,483	940,419	4.62%	-73,170	0.36%	867,249
2017	333,874	1.82%	-190,578	1.04%	143,296	761,462	3.37%	-53,828	0.24%	707,634
2018	430,489	2.59%	-161,596	0.97%	268,893	806,842	3.13%	-86,646	0.34%	720,196
2019	405,061	2.29%	-137,962	0.78%	267,099	1,379,031	5.31%	-46,322	0.18%	1,332,709

Source: Data provided by NMFS RAM

Table 2 Percent of annual IFQ catch limit harvested

	Halibut	Sablefish
2015	97%	86%
2016	98%	88%
2017	96%	88%
2018	95%	81%
2019	93%	83%

Source: NMFS AKRO website

Process for Regulatory Changes

Implementing this proposal would require a temporary change to Federal regulations at 679.40(e). When emergency rules expire the previous regulations are reinstated.⁴ For sablefish, this proposal would not require a Fishery Management Plan change.⁵ For halibut, the proposal would not require the IPHC to change its regulations; the rollover provision is implemented solely by NMFS. The agency manages annual halibut catch limits set for the directed commercial fishery by IPHC (discussed further in the Impacts section).

NMFS's authority for rulemaking to address an emergency for sablefish is provided in Section 305(c) of the Magnuson-Stevens Act (MSA). Halibut is managed under the Halibut Act, which provides the Council with authority to develop regulations that are in addition to, and not in conflict with, approved IPHC regulations.⁶ The Council may recommend emergency rulemaking if it finds that an emergency exists. NMFS's Policy Guidelines for the Use of Emergency Rules state that the only legal prerequisite for such rulemaking is that an emergency must exist, and that NMFS must have an administrative record justifying emergency action and demonstrating compliance with the Magnuson-Stevens Act and the National Standards.⁷

The duration for which an emergency rule may remain in effect is particularly important for this proposal. The submitter's language specifies regulatory modifications covering 2020, 2021, and 2022. The relevant definition is found in MSA Section 305(c)(3)(B-C), paraphrased below:

- (B) Unless the situation is a public health emergency, the rule shall remain in effect for up to 180 days after the date of publication in the Federal Register and may be extended one time for up to 186 additional days;
- (C) If the rule is responding to a public health emergency then the rule may remain in effect "until the circumstances that created the emergency no longer exist" and the U.S. Secretary of Health and Human Services (HHS) concurs with the Secretary of Commerce's action.⁸

The ability to implement an emergency regulation that extends beyond 180 days (plus 186 additional days, potentially) appears to hinge on the designation of the emergency as one of public health according to HHS. Council staff cannot offer advice on whether the Council has latitude to recommend an emergency action under 305(c)(3)(B) as opposed to 305(c)(3)(C). In any event, it is not clear which scenario would be more likely to extend the effect of an emergency rule to 2022. That timeline would depend on the date of rule publication and the declared status of the public health emergency according to the HHS Secretary at a future point in time – both of which are presently unknown. HHS could declare an end to a public health emergency at a date sooner than 180 (+186) days from publication, or the declared emergency could last longer. Moreover, the timelines of emergency rule duration that are derived from the MSA do not apply to halibut, which is managed under the Halibut Act. Any emergency rule timeline that extends into future years will need to remain consistent with annual IPHC regulations.

MSA National Standard 1 (NS1) Guidelines, which apply only to sablefish, already include a "Carry-over ABC control rule" that could be relevant to sablefish as a Federally managed FMP groundfish species,

⁴ MSA Section 305(c)(3)

⁵ The GOA Groundfish FMP addresses the IFQ "Fixed Gear Sablefish Fishery" in Section 3.7.1.

⁶ Halibut Act of 1982 at 16 U.S.C. 773b

⁷ This directive initially became effective in 1997 (62 FR 44421, August 21, 1997) but has been renewed as recently as October 2018 (<https://www.fisheries.noaa.gov/webdam/download/64669066>).

⁸ Staff note: Under either clause, it is required that the public has an opportunity to comment after the emergency regulation is published in the Federal Register.

and thus do not require an emergency rule.⁹ Guidelines provide that Councils may carry-over some portion of an annual catch limit underage into the next fishing year in one of two ways listed in the bullets below. The Council could consider whether the likely benefits of additional rollovers – and the associated implementation challenges – is sufficiently better than the two existing “NS1 Guideline” methods for carry-over plus the existing 10% rollover provision.

- If the underage is relatively small, recommend a higher total allowable catch (TAC) in the following year if it would not result in exceeding that year’s pre-specified acceptable biological catch (ABC); or
- Adjust ABC in the following year to account for the uncaught portion of the stock’s influence on abundance. Carry-over provisions are designed to relieve the pressure to catch the entire TAC each year. NS1 guidance cites harvesting during poor market conditions as a situation where a catch limit carry-over might be appropriate. The guidance also highlights that any resulting ABC recommended to the Council by its Scientific and Statistical Committee (SSC) must still prevent overfishing and consider scientific uncertainty as well as the Council’s risk policy.

Implementing this emergency rule would be complicated from a technical perspective and would demand the reallocation of limited existing staff resources between the present and the end of the 2020 IFQ season. NMFS Restricted Access Management (RAM) division manages the annual issuance of halibut and sablefish pounds to individual IFQ accounts. The process for issuing IFQ to QS holders, applying underage rollovers and overage debits, and prorating pounds from in-season transfers and returning them to the correct accounts from one year to the next is hard-coded. Making a series of yearly changes over the lifetime of the proposed emergency action (2020 through 2022) would be a substantial task for development staff. Council staff are advised that NMFS Information Services Division (ISD) would need roughly four weeks of development time to implement changes to the underage/overage administrative adjustment. The specific scope and demand of that work could vary depending on other actions the Council might recommend that would modify the IFQ season in other ways. NMFS RAM staff also noted that the existing permit application for IFQ is undergoing replacement throughout 2020-2021, further complicating RAM’s understanding of how changing the underage provision – over the course of three years – impacts the annual IFQ process. This work could lead to cost recovery accrual, which is further discussed in the impacts section.

Impacts

Summary

Staff view the proposal as primarily intended to preserve harvest opportunities for IFQ species and derive benefits that might otherwise be forgone. This section provides data to characterize the scope of direct participants (harvesters) who could benefit from the rollover and the value of the resource that is at stake. This section also considers whether increasing the rollover cap creates a risk for the resource or whether it might impact the distribution of harvestable halibut to different sectors (i.e. commercial, recreational) through the Catch Sharing Plan (CSP).

Under normal circumstances the benefit of the rollover is that individual IFQ account holders do not have to harvest up to their limit and risk an exceedance. Other benefits could have included market or operational advantages to shifting a small percentage of catch to the next year – e.g., better prices

⁹ <https://www.fisheries.noaa.gov/sustainable-seafood/frequent-questions-national-standard-1-final-rule#what-is-a-carry-over-abc-control-rule?-does-it-prevent-overfishing?>

expected, vessel or crew became unavailable, etc. In the 2020 context, all of the latter benefits apply with the additional benefit of, potentially, increasing logistical access to the fishery with respect to current public health risks for participants and adjacent communities.

Aside from the implementation challenges described in the previous section, the risks to the success of this proposal include whether an extraordinarily large rollover would be expected to result in exceeding the following year’s catch limits and whether there will be sufficient markets for a large harvest in future years. Those two concerns could be mutually exclusive since a weak market might not induce the harvest of a full catch limit plus an enhanced rollover. The Council might also consider whether initiating an emergency rollover action could dissuade individuals from fishing in 2020 who otherwise would have, and what downstream effects that might have on the present fishery.

Participation and Value

The most obvious direct result of the proposal is rolling over 2020 IFQ pounds to permit holders’ 2021 accounts. All further discussion of potential impacts should be considered in this context. Table 3 shows the 2020 IFQ catch limits and the maximum number of pounds that NMFS could credit forward to 2021 IFQ accounts due to underharvest. Rollovers of this size would dwarf the historical net pounds rolled over that are shown in Table 1.

Table 3 2020 IFQ catch limits and maximum amount that could be applied to 2021 IFQ accounts (lbs.)

	2020 IFQ TAC	x 30%
Halibut	16,079,200	4,823,760
Sablefish	31,708,762	9,512,629

The total gross value of the fishery to direct participants is best estimated by harvest landings and dock prices. The NMFS 2019 Cost Recovery (CR) Report summarizes the agency’s calculation of “Combined IFQ Fisheries Value” from 2000 through 2019 (Table 2 in the CR Report).¹⁰ Since 2013 that value has ranged between \$150 million (2019) and \$208 million (2017). From 2003 through 2012 the estimated value was higher, ranging from \$210 million (2009) to \$318 million (2011) but typically coming in around \$240 million. The lowest total value years in the series were 2018 and 2019, which is particularly striking since the values are not adjusted for inflation.

The number of persons or entities who hold QS for 2020 is reported based on unique NMFS ID numbers available publicly on the NMFS AKRO webpage for permits and licenses issued.¹¹ This number provides a gauge for the scale of direct harvesting stakeholders, but does not account for crew who do not hold QS or any onshore participants (processing workers, support service businesses, etc.). In 2020 there are 2,296 persons or entities with a NMFS ID associated with halibut QS. That number falls to 2,255 if IDs that hold *only* class A QS are excluded. There are 816 IDs associated with 2020 sablefish QS (741 excluding persons/entities with only class A QS).

The number of IFQ permit accounts is relevant to this proposal because that is how NMFS RAM tracks underages and overages, but that count does not reflect the number of participants. A person would have multiple accounts if they own QS in different areas, for different vessel size classes, or for different species (halibut/sablefish). Table 4 shows the number of IFQ permits (accounts) issued for the five most recent years and how many of those accounts were credited with an underage rollover for the following

¹⁰ <https://www.fisheries.noaa.gov/webdam/download/103303672>

¹¹ <https://www.fisheries.noaa.gov/sites/default/files/akro/20ifqunitf.csv>

year or debited due to an overage. Similar to what was shown in Table 1, data show that underages are more common than overages.

Table 4 Count of IFQ Permit Accounts and the proportion that incurred underages or overages, 2015 through 2019

Halibut	IFQ Permits Issued	Permit Accounts with Underages	% Total	Permit Accounts with Overages	% Total
2015	3,602	1,695	47%	773	21%
2016	3,550	1,696	48%	788	22%
2017	3,443	1,626	47%	815	24%
2018	3,391	1,756	52%	734	22%
2019	3,389	1,788	53%	703	21%
Sablefish	IFQ Permits Issued	Permit Accounts with Underages	% Total	Permit Accounts with Overages	% Total
2015	1,496	846	57%	225	15%
2016	1,489	912	61%	224	15%
2017	1,470	881	60%	221	15%
2018	1,448	840	58%	238	16%
2019	1,452	1,001	69%	142	10%

Source: Data provided by NMFS RAM

Figure 1 and Figure 2 reflect the status of the IFQ resource and its first market over the last decade. These figures were published in the 2019 Cost Recovery Report. Note that “standard ex-vessel price” is not the same as a spot price. Standard prices are calculated by NMFS based on a weighted average taken from all ports over an entire season. Standard prices are a good general measure; they are used to calculate cost recovery fees and observer program fees. The annual values presented are not adjusted for inflation (nominal values). Annually estimated ex-vessel values by management area and statewide are on NMFS Alaska Region’s Fisheries Management Reports webpage.¹²

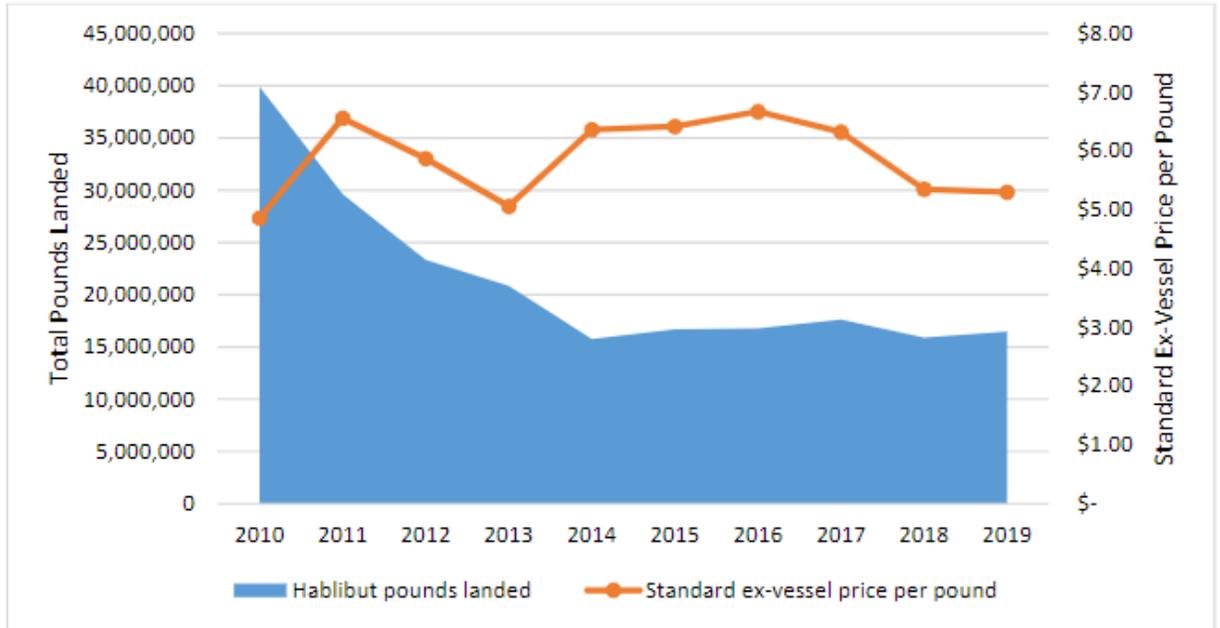
Figure 1 shows that halibut landings decreased from 2010 through 2014 and have stabilized at a volume roughly equal to the 2020 IFQ catch limit (16.1 million lbs.), so that harvest volume would be reasonable to expect in the absence of the ongoing pandemic. Standard ex-vessel value per pound decreased each year since 2016. The price is certain to be lower in 2020, as noted below. Figure 2 shows that sablefish landings and standard ex-vessel value have had opposite trends over the three most recent years. Note that average values for sablefish capture all fish sizes, and catch composition has shifted towards smaller, less valuable fish while total volume harvested has increased.

While ex-vessel prices have been trending downward in recent years due to factors unrelated to the pandemic, 2020 prices have gone lower and are likely to remain down throughout the year. This information pertains to the submitter of the proposal’s comment that the pandemic has disrupted marketing and distribution channels domestically and abroad. An IFQ brokerage publishes recently reported ex-vessel prices on its website, providing the most up-to-date comparison of 2020 spot prices to standard prices in previous years.¹³ Halibut dock prices from late March through early May are reported for communities in Areas 2C and 3A (recency of information varies by location). Halibut prices were reported in the range of \$3.25 to \$4.50 per pound. Sablefish prices are more difficult to summarize due to the number of size stratifications (e.g., less than 2 lbs. up to greater than 7 lbs.). For the same part of the state (SE through Central GOA) prices reported during that period start at \$0.30 per pound for fish less

¹² <https://www.fisheries.noaa.gov/alaska/sustainable-fisheries/alaska-fisheries-management-reports>

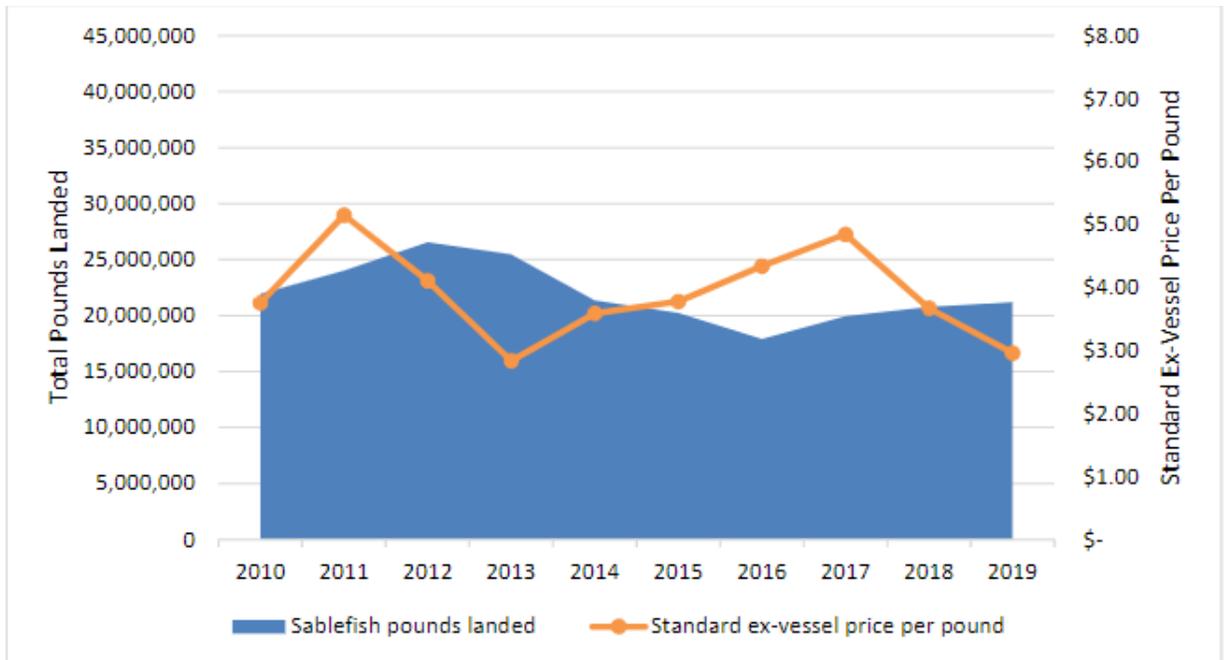
¹³ <https://www.alaskaboat.com/ifqpage.php>

than 2 lbs. and reach \$7.00 per pound for fish greater than 7 lbs. In the middle of the range, 3-4 lbs. fish are reported selling for \$1.50 to \$2.10 per pound. Statewide average pricing is not available during the year.



Source: NMFS 2019 IFQ Cost Recovery Report

Figure 1 Total halibut IFQ pounds landed and standard ex-vessel price per pound, 2010 through 2019

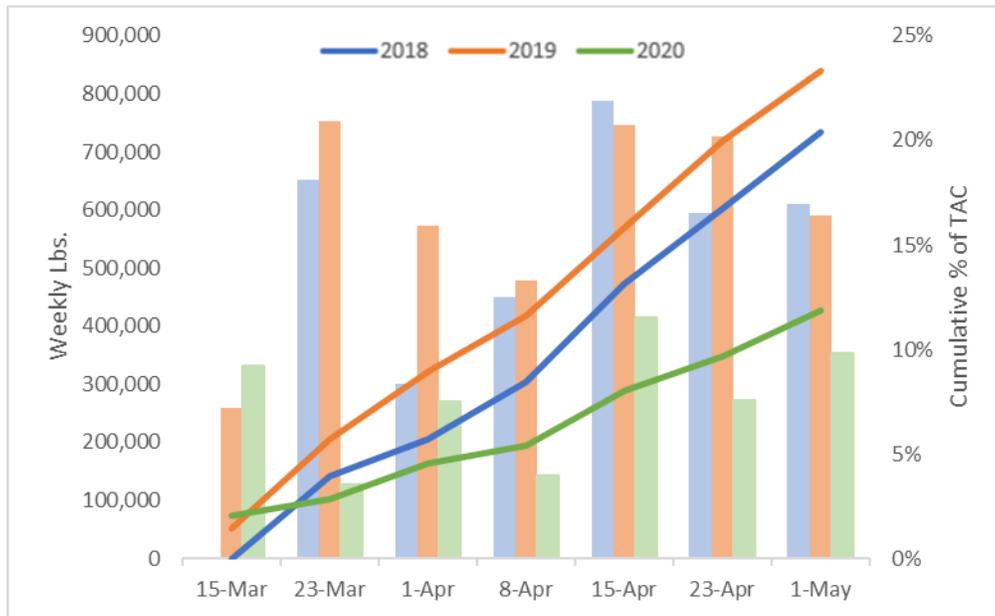


Source: NMFS 2019 IFQ Cost Recovery Report

Figure 2 Total sablefish IFQ pounds landed and standard ex-vessel price per pound, 2010 through 2019

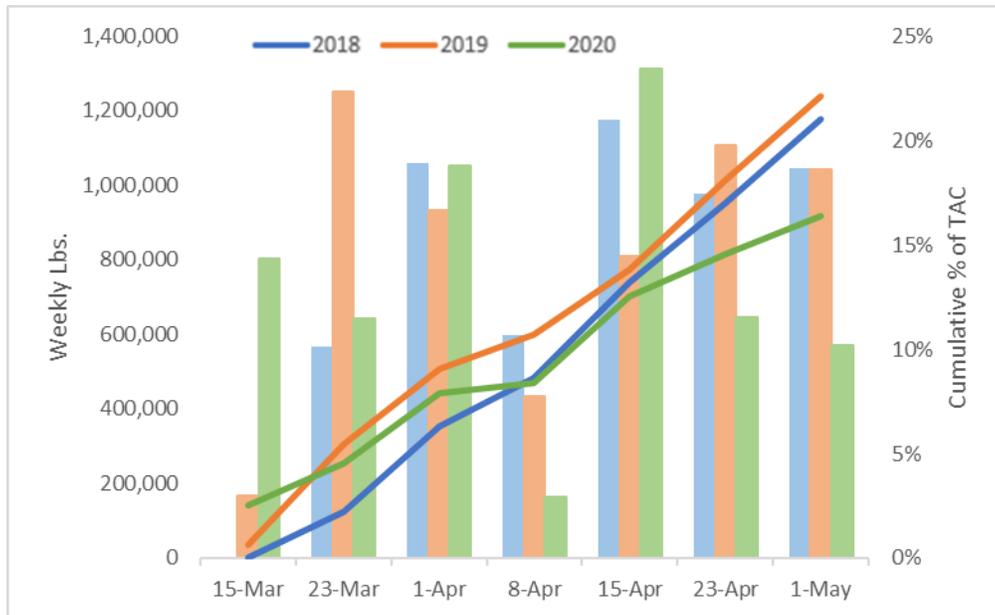
Figure 3 and Figure 4 compare the volume of IFQ landings for the part of 2020 that has occurred to-date against the same period in 2018 and 2019 (note that the 2018 season started later). Weekly catch and

catch as a percentage of the annual catch limit for 2020 clearly lag the previous years. It is reasonable to presume that this is the result of both depressed markets and logistical challenges for fishermen.



Source: Data from Weekly IFQ Landings on NMFS AKRO website

Figure 3 Halibut weekly catch from beginning of season through first week of May, 2018 through 2020 (date denotes beginning of week)



Source: Data from Weekly IFQ Landings on NMFS AKRO website

Figure 4 Sablefish weekly catch from beginning of season through first week of May, 2018 through 2020 (date denotes beginning of week)

On an area-basis, 2020 catch to-date (through May 6) can be reported for Halibut areas 2C, 3A, and 3B.¹⁴ Halibut catch in Area 4 and sablefish catch in the Bering Sea and Western Gulf of Alaska is currently

¹⁴ <https://www.fisheries.noaa.gov/sites/default/files/akro/20ifqland.htm>

redacted for confidentiality. In Area 2C, 19% of the annual allocation has been landed; 14% has been landed in 3A, and 5% has been landed in 3B. Sablefish landings by area are 24% of the annual allocation in Southeast, 29% in West Yakutat, 12% in the Central Gulf of Alaska, and 14% in the Aleutian Islands.

The total value of the IFQ fisheries has implications for Federal and state managers since it determines the amount of cost recovery fees that are collected. Direct program costs are expected to be high in 2020 as many employees have been redirected to work on new IFQ-related tasks, including – potentially – temporarily adjusting the rollover cap. The cost recovery fee percentage is likely to remain at its statutory cap of 3.0% of ex-vessel value, as it was in 2019. Lower fishing revenue will result in fewer receipts and more money to cover direct program costs coming out of general operating budgets. Increasing the rollover cap would not improve the outlook on a cost recovery shortfall for 2020, but rollover IFQ that could be harvestable in 2021 or 2022 could provide funds in later years. Fishermen cannot be charged a higher percentage than they were in 2019 but shifting IFQ revenue through a rollover *might* result in a lower CR calculation for those future years. IFQ permit holders are subject to the CR fee if the IFQ is landed or if it is leased to the charter sector as Guided Angler Fish (GAF).

Management of Annual Catch Limits

The 10% rollover is a provision of the IFQ Program recommended by the Council and implemented in Federal regulation. Regarding halibut, the IPHC does not specify domestic harvest policy and does not *directly* account for projected removals of rollover IFQ when setting catch limits. The domestic harvest policy for halibut is developed through the Council process consistent with IPHC regulations. NMFS manages rollover of IFQ within the catch limits set in the IPHC annual process because the fishery is historically harvested below its catch limit, as evidenced by underages outweighing overages (Table 1) and total harvest rates (Table 2). The same is true for sablefish – the addition of rollover pounds to the following year’s potential harvest has not been viewed as a threat to the TAC or ABC. In other words, NMFS implements rollovers *within* existing total constant exploitation yield (TCEY) for halibut or TAC for sablefish. IFQ fishery catch limits have not been exceeded in any year since the program’s implementation. The IFQ Program 20-Year Review addressed underage/overage provisions and concluded that there have not been concerns about the biological implications of a rollover (NPFMC 2016, Section 2.3.4.3).

For halibut, if an exceptionally large rollover is projected to be harvested in the following year and that amount creates an expectation that the commercial sector will exceed the (TCEY) then that would need to be accounted for before applying the CSP that divides available harvest between sectors. This scenario becomes more likely as the size of the rollover is larger and/or the following year’s catch limit is lower.

Fish that are not harvested when an underage occurs are indirectly included in the following year’s available harvest through the stock assessment and the population dynamics themselves. Stock assessors work based on estimated mortality that has occurred, not projected fishing mortality that could occur. Unharvested fish do not yield a simple 1:1 addition to future available harvest due to assessment scientists’ adjustments for natural mortality, movement, and updating of the stock trend. Adding uncaught fish to the next year’s TCEY or TAC would be double-counting.

References

NPFMC. (December 2016). Twenty-Year Review of the Pacific Halibut and Sablefish Individual Fishing Quota Management Program. Anchorage, AK: NPMFC. Retrieved from: https://www.npfmc.org/wp-content/PDFdocuments/halibut/IFQProgramReview_417.pdf.

Contributors and Persons Consulted

Mike Fey	AKFIN
Suja Hall	NMFS RAM
Kurt Iverson	NMFS AKRO SF
Glenn Merrill	NMFS AKRO SF
Alicia Miller	NMFS AKRO SF
Stephanie Warpinski	NMFS AKRO SF
Tom Meyer	NOAA GC
Ian Stewart	IPHC